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## 1. Introduction

The importance of public finance was not explicitly recognized in the 19th century. This was because the governments in those days were confined to the maintenance of law and order and were concerned with the country's defense from external aggressions. The governments in those days did not intervene in economic affairs; however, it was in the 20th century that the governments considered ensuring "Social Welfare" to their citizens.

In the 20th century, modern governments not only concern themselves with maintaining law and order but also actively intervene in economic affairs to justify themselves as 'Welfare States.' For this reason, governments require money to spend it on the welfare of their citizens. Hence, the importance of public finance has significantly increased in recent years. There have been growing concerns about the importance of Public Financial Management (PFM) to developing countries, especially in the high-aid recipient countries of sub-Saharan Africa and South and South-East Asia, as the efficient use of foreign aid and domestic funds is highly dependent on the recipient countries' PFM System. Both the developing countries and donor agencies have recognized the core importance of PFM systems for achieving the national development objectives, including economic growth and poverty reduction. To address the fiduciary concerns and identify strengths and weaknesses that can affect the achievement of national development objectives and aid effectiveness, donor agencies have been devoting increasing attention and resources to assessing and strengthening PFM systems' effectiveness in recipient countries.

PFM is a core function of each and every country and state. In Afghanistan, where we have several demands on our revenue and donor funds, the problems are substantial. However, the benefits are also crucial and go beyond technical capabilities to improvements in overall governance. The PFM system and institution have played an essential role in contributing to economic stability and growth, poverty reduction, state-building, government policy objectives achievement, and in particular, enabling government to deliver public services efficiently to its citizens. Therefore, strong PFM systems are needed to make the best use of resource efficiently, to create the highest level of transparency and accountability in government financial management, and to ensure long-term economic success. PFM is principally used to ensure that the revenue is collected efficiently and used appropriately and sustainably (PEFA, 2016).

The PFM reform processes in Afghanistan began in the year 2002 following the overthrow of the Taliban regime. The PFM system have improved significantly since the reconstruction efforts began in 2002. Afghanistan has moved from a state of emergency to a mostly disciplined PFM system. Significant achievements include establishing a legal, institutional and operational framework for PFM and ancillary functions and the introduction of modern budget tools and automated payments. These advancements have gradually strengthened confidence in PFM, leading to increased use of national systems by the Development Partners (DPs). It is clear that a transparent financial system ensures rapid economic growth for a nation. An effective financial management system and a

sound accountability system can improve Afghans' trust and increase the trust of donors in the Government of Afghanistan.

Despite the significant progress made over the last two decades, many challenges remain to the country's PFM system. Significant issues that have been identified across the PFM cycle include; low budget credibility, unsatisfactory disclosure of public finances, poor asset and liability management, budget execution anomalies, low financial reporting standards, and lack of audit independence. However, high-performance bright spots such as macroeconomic and fiscal forecasting and procurement management are noteworthy. Several scores declined with the security transition in 2014, and provincial security issues have impeded the budget's execution in some cases. The withdrawal of a significant number of international and national technical advisors created capacity gaps from 2015 up to the present, particularly in the Central Line Ministries (CLMs). Simultaneously, significant resources for development partners have been shifted on the on-budget in both the security and non-security sectors. While Afghanistan has shown the ability to control expenditure to prevent unexpected deficits, the low predictability of donor resources impacts fiscal discipline. The execution of the budget for domestic revenue is robust; however, in the following major problems, the overall budget level and the predictability of donor resources flow. This undermines the overall credibility of the budget, as evidenced by the high variations in expenditure. A large proportion of the expenditure is financed by the donor and executed projects, over which the government has little control. On the other hand, previous studies have shown that some specific problems exist in the PFM cycle, such as; The lack of timely easy accessibility of indicative planning projections, the weaknesses in the execution process of the budget, and the lack of effective monitoring mechanisms of extra-budgetary units and corporations also negatively affected fiscal discipline. The execution of low budget expenditure is the result of poor project selection and uninformed budget allocation decisions. Lack of a strong public investment management framework has an impact on fiscal discipline and reduces the productivity of development spending. Projects are selected from the development budget without due diligence for cost implications and development impacts, as political imperatives take precedence. Failure to integrate procurement planning into the budget process has also resulted in arbitrary budget allocations and the resulting variances in expenditure. While the prescribed internal control framework is reasonably detailed, there is a difference in compliance. The auditors reported issues of non-compliance with the prescribed controls related to the separation of duties, lack of audit trail, override of management and no adjustment of advances. Internal auditors have been recruited, and guidance and toolkits have been developed. The focus of the internal audit is, to a large extent, on financial compliance. Internal audit has not been risk-based and does not address system improvement and quality assurance. Low capacity limits the effective control environment. Payroll control systems are inadequate and represent a major weakness for a significant proportion of expenditure. Personal management practices are uneven. Records are managed manually in some agencies, while IT systems are in others. However, there is no underlying IT architecture to support integration with central systems. In effect, there is no HRMIS linking staff records to the payroll system.

Consequently, the integrity of payroll data is being undermined, and third-party verification is challenging. Data cleaning, the implementation of integrated HRMIS, and

payroll audits are critical to improving payroll management. The lack of the required data in the budget documents hinders the evaluation of performance. The performance indicators for both the budget (recurrent and development) are also not linked to the annual budget allocation. As a result, performance reviews cannot be carried out with regard to what and how much has been achieved in relation to the budgetary allocations. The legislative accountability process is weak, and comprehensive legislative review procedures have not been defined.

On the other hand, the ANPDF defines high-level policy priorities, but they are not reliably translated into budget expenditure. The development of coherent sector strategies for the implementation of the ANPDF has been uneven. Some sector strategies (e.g., development of infrastructure) remain to be developed, whereas the implementation of sector strategies within social sectors has been mixed due largely to the lack of funding required and the lack of informed budget allocation decisions. In addition, the limited adoption of modern budgeting practices is undermining allocative effectiveness. The mechanism for allocating budgets is mostly incremental, while the budget estimate for recurrent and development budgets is fragmented, hampering linkages between selected programs and policy priorities. The lack of indicative planning figures during the budget preparation cycles does not provide a medium-term perspective. It, therefore, compels the line ministries to follow a randomized and incremental budgeting system.

In particular, a dysfunctional PFM would not ensure adequate collection of public revenue and public expenditure, which is achieved in accordance with the law and thus contributes to poor service delivery. The most visible indicators of a weak PFM system are persistent budget deficits and large differences between approved budgets and actual expenditure. Well-designed and well-functioning PFM systems are essential prerequisites for effective state and growth outcomes. The goals of public financial management are the provision of services to people and the optimal and efficient use of public resources by aggregate fiscal discipline, equity, allocative efficiency, redistribution of wealth, and value for money in a transparent and accountable manner.

## 2. Theoretical Framework

The theoretical framework is an interpretation of the phenomenon which is based on conceptual analysis, previous studies, and theories that exist in the literature (Camp, 2001). For this study, Theories Orientation, Institutional Perspectives, Agency Theory, Accounting Theory, Stewardship Theory, and Theory of Optimal Taxation were explored to give a basic understanding of the phenomenon.

### 2.1. Theories Orientation

Studies show that the budget theory is an academic study of the political and social motivational factors behind civil society organizations' budgeting. The classical theorists in public budgeting include Henry Adams and William Willoughby, while the notable recent theorists include Baumgartner and Jones. The budget theory was a key element during the progressive era and widely discussed in the municipal offices and other academic and quasi-academic institutions, such as the nascent Brookings Institution. Key,

1940; Brownell, 1982 a, b; Covaleski, Evans III, Luft, and Shields, 2003. Despite its longevity, budgeting research lacks a coherent or comprehensive theory (Key, 1940; Gibran and Sekwat, 2009; Malmi and Granlund, 2009). Theoretically, the based study provides an opportunity to examine complex issues while providing a comprehensive and substantiated explanation of the causes and effects of empirical findings.

## 2.2. Institutional Perspectives theory on Budgets

According to institutional theory (Powell, 1983), budgeting is divided into three mechanisms. Under the guise of imitation, organizations adopt the budget because they will see other groups become even more financially and more successful through a normal budgeting process, increasing the budget's popularity. There appears to be much pressure on the budget. Shareholders seeking proper economic management may wish to carry out key annual activities. Humanitarian organizations are reviewing the budgets of charitable organizations to ensure that future grants are spent wisely. Employees, therefore, expect the formal budgets to remain confident that money is available for salaries and important projects in the organization.

## 2.3. Agency Theory

The agency theory examines both internal control practices and county performance. The first researchers to explicitly suggest that an agency theory be developed and started to be created by Barry Mittenick (2006) were independent and almost simultaneous. Barry Mittenick (2013) states that Agency theory is defined as the relationship between the principals and fundamentalists, such as shareholders and agents, and the company and organization executives and managers. In the current theory, shareholders who are the owners or principals of the company hire the agents to carry out the work. Principals delegate a business's running to the directors or managers, who are the shareholder's agents. Adams (1994) argues that agency theory provides a useful theoretical framework for the study of both external and internal auditing functions within the public sector.

## 2.4. Accounting theory

The accounting theory is a set of assumptions, structures, and methodologies used in the analysis and application of financial reporting principles. Accounting theory study involves evaluating both the historical principles of accounting practices and updating and applying accounting practices to the regulatory framework regulating financial statements and financial reporting. The conceptual accounting framework constrains all accounting Theories. This framework has been developed by the Financial Accounting Standards Board (FASB). This independent entity works to outline and set the key objectives of corporate, both public and private, financial reporting. Furthermore, accounting theory can be viewed as logical reasoning, which helps to assess and direct accounting practices. Accounting theory is also helping to establish modern accounting methods and techniques as regulatory requirements change.

## 2.5. Stewardship Theory

Public financial governance practices were examined through the Steward theory, which has its roots in psychology and sociology. Davis (1997) stated that "the steward protects and maximizes the wealth of shareholders through the company's performance because in doing so, the beneficial functions of the steward are maximized." From this perspective, stewards are company executives and managers working for the shareholders, protecting and making profits. In addition, Argyris (1973) points out that the theory of stewardship understands the importance of structures that empower the steward and provide maximum trust-based autonomy (Donaldson & Davis, 1991). It emphasizes that employees or managers should act more autonomously to maximize shareholder returns. Indeed, this can minimize the cost of monitoring and controlling behavior (Davis et al., 1997). On the other hand, Daily, Dalton, and Cannella (2003) state that to protect their reputations as decision-makers in organizations, executives and directors are inclined to operate the firm to maximize financial performance and shareholders' profits.

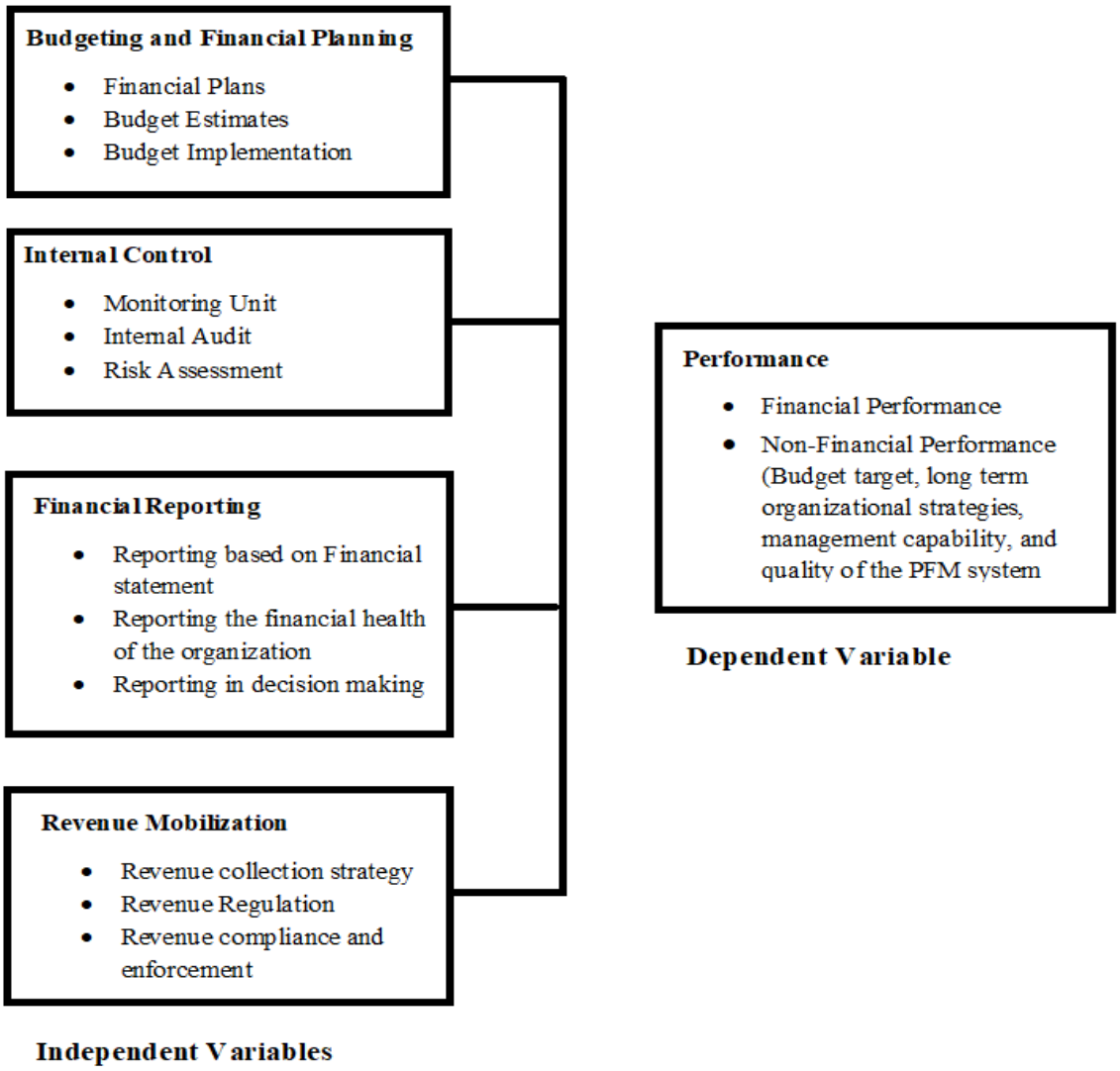
## 2.6. Theory of Optimal Taxation

Optimal tax theory is the study of tax design and implementation that exposes social welfare's maximum performance to economic constraints. Social welfare performance is usually a function of individuals' benefits, which is generally considered a kind of beneficial process, so the tax system is chosen to maximize the total individual benefits. Revenue mobilization practices were explored through the theory of Optimal Taxation. Frank Ramsey's (1927) brilliant paper research, modestly entitled, 'A contribution to the theory of taxation,' was a milestone in public finance economics. Nearly a half a century later, over and done with the work of Diamond and Mirrlees (1971) and Mirrlees (1971), his paper can be thought of as launching the field of optimal taxation and revolutionizing public finance (Ramsey, 1927; Stiglitz, 2015). The standard theory of optimal taxation states that a tax system should choose to maximize social welfare work to a set of constraints (Mankiw, Weinzierl, and Yagan 2009). The literature about optimal taxation typically treats the social planner as a utilitarian: that is, the social welfare function based on individuals' utilities in society.

## 2.7. Conceptual Framework

A conceptual framework was developed through a systematic literature review comprising related theories and a series of empirical studies on public financial management and government line ministries efficiency. It conceptualized that the dependent variable was the performance of independent variables (IV) influenced the government ministries; Budgeting Financial and Planning, Internal Control, Reporting Practices, Public Financial Government Practices, and Revenue Mobilization as demonstrated by the conceptual structure demonstrated in Figure 1, the model has been operationalized.

**Figure 1: Conceptual Framework**




## 3. Literature review

### 3.1. Budgeting and Financial Planning

**Onduso (2013),** in his study titled 'Effect of budgets on the financial performance of manufacturing companies in Nairobi province," primary data and the regression model used to determine the relationship between dependent and independent variables. The research found that there is a positive impact between budgets and the financial performance of manufacturing companies.

**Mwaura (2013),** in his study titled "financial planning affects the financial performance of car companies in Kenya. The analysis method was a descriptive research method-the primary data obtained by questionnaires from randomly selected employees of the selected companies for this research. The results of this study show that financial

planning measures, such as pre-interest income and taxes and use capital, which constitute fixed assets and working capital, have impacted the company's financial performance as measured by the return on capital employed. This study has shown a strong relationship between financial planning and a company's financial performance.

**Pimpong and Laryea (2016),** in their study titled "Effect of budgeting on organizations' performance of non-bank financial institutions in Ghana," In this study, a quantitative strategy of research was adopted in order to determine the relevance of budgets as a financial management system tool among non-bank financial institutions, primary data was collected through questionnaires. In addition, the regression analysis was used to assess the degree and level of the budgeting and the organization performance relationship. The study found that budget coordination has a statistically significant moderate positive relationship with organization performance.

**Obwaya (2011),** in his investigation entitled "The relationship between participatory budgeting and the performance of local authorities in Kenya," found out that there is a significant positive relationship between budgetary participation and organization performance. The researcher established that the study results support the contingent effect of task uncertainty, task difficulty, and affective organizational commitment on the relationship between budget participation and organization performance.

**Silva and Ariyarathna (2012),** in their study, evaluate the budgetary process of the apparel industry in Sri Lanka (BPA). The correlation coefficients and the regression analysis have shown that the budgetary process has significant links with the apparel industry's organizational performance based on the information extracted from the apparel industry's financial statements.

**Gabriela Lidia (2015),** in her study titled "the existence of a relationship between budgets and performance of Romanian institutions," The study used primary data and the simple econometric model, which is a simple linear regression. In the findings of the researcher, statistically talking, the relationship between budgets and performance has not been verified by the economic model developed. Performance variation can also be explained by changes in other determinants, such as income and expenses of the institution, measured by profit.

**PEFA (2008),** in their assessment report, studied the PFM systems, processes, and institutions in Afghanistan. The study found that the budget process is focused on multi-year fiscal planning and comparatively detailed budgeting at the ministries and agencies' level, but so far has lacked the necessary strategic prioritizations of resources by the Cabinet early in the process. The assessment indicates remarkable progress on the fiscal front. Despite pressures, fiscal discipline has been strictly enforced and maintained, and there is significant fiscal transparency (PEFA 2013). The considerable achievements include establishing the legal, institutional and operational framework for PFM and ancillary functions and introducing modern budget tools and automated payments. They found that the PFM system has significantly improved since the reconstruction efforts commenced in the year 2002, 2016 (PEFA 2018).

## 3.2. Internal Control

**Eniola and Akinselure (2016),** in their study titled, "Effect of internal control on some selected firms' financial performance in Nigeria," The methodology of the study was based on a survey research approach. The statistical data used for the analysis were obtained by distributing 150 questionnaires among selected employees in the five (5) organizations considered in this research work. The respondents were selected using a non-probability sampling method; the data obtained from the questionnaire analyzed using multiple regression statistical tools. The study results show that internal control has a significant relationship with the fraud perpetrated in the organization.

**Ong'unya and Abbey (2019),** in their study, investigate the impact of internal regulation on the provision of quality health services in the Greater Iganga Local Government in Uganda. The study followed a cross-sectional approach to the analysis. The results showed that internal control is positive and strongly significant to the provision of quality health services.

**Njiru and Bunyasi (2016),** in their study titled, "Effect of internal controls on the financial performance of Water Service Providers (WSPs) in Kenya," a case study of water companies under Tana Water Services Board. A descriptive survey research study design and primary data were used in the research study. The analysis of the correlation was to establish the association between the variables. Simultaneously, to test the significance of the influence of the independent variables on the dependent variable, a multiple linear regression model was used. The results have shown that the independent variables have a strong positive relationship with the dependent variable.

**Wang (2017),** in his study titled, Relationship between internal control and financial performance from the listed companies in China. The research found that internal control and financial performance have a strong positive correlation. Corporate social responsibility also significantly impacts its financial performance; social responsibility in the relationship between internal control and financial performance plays an important mediating role. These results provide the basis for improving the management of internal controls and social responsibility in order to advance financial performance and promote the sustainable development of businesses.

**Onyango (2014),** in his study titled "Influence of internal controls on the performance of county governments in Kenya,". Research has shown that county governments have not carried out internal audits recommended by the Auditor General in order to improve financial resource management. Also, the study showed that staff did not submit weekly reports, nor did they hold meetings to discuss the progress of their activities. The research found that there was no clear separation of roles between employees and that others did not verify the work of the employees. Similarly, Lerno (2016) examined the effect of internal control practices in Kenya's county governments on performance. The research used a descriptive design the study and utilized primary data. The investigator concluded that the county governments had adopted internal control practices in Kenya. Nevertheless, the introduction of such methods has not entirely led to the improvement of county governments' efficiency.

**Babatunde and Dandago (2014),** in their research titled, "the impact of internal control system scarcity on capital project management in the Nigerian Public Sector,". ANOVA and Chi-square statistics were employed to analyze the data collected. The study found that the internal control system deficiency has significant adverse effects on capital project management in the Nigerian Public Sector.

**Rawashdeh H.A (2017),** in his paper titled, "Internal Control Mechanisms at the Jordanian Ministry of Justice (North Province) as well as identifying the role of those components in preserving public funds and measuring the impact of the said role." The internal control context obtained the highest arithmetic mean for maintaining public funds as an internal control part of the Jordanian Ministry of Justice (North Province). Monitoring as an internal control component has had the highest effect compared to other internal control components, although the least influence has been on the internal control environment component.

**PEFA (2013),** in their assessment, investigated the effectiveness of the payroll control and non- salary expenditure in comparison rate assessment of 2008 and 2013. They found that overall rating moved from C+ to B means to form the medium and poor to good and medium performance by international standards. However, the assessment (PEFA 2018) found weaknesses in commitment controls and associated compliance with rules and procedures. There are also weaknesses in performance management for service delivery and a lack of independent performance evaluations achieved on service delivery.

### 3.3. Financial Reporting

**Reedy and Gordon (2010),** on their research topic, "Impact of sustainability reporting on New Zealand and Australian stock exchange companies." The empirical study results indicate that sustainability reporting is statistically significant in explaining abnormal returns for Australian companies. The cross-sectional analysis of the two countries' combined data supports the view that the type of industry's contextual factors have a significant impact on the abnormal returns of the reporting companies.

**Odhiambo et al. (2018),** in their study titled, "the effect of financial reporting practices on the financial performance of NGOs in Narok County, Kenya,". Questionnaires were primary data collection methods, multiple regression analysis, and descriptive analysis used in this research. They found that disclosure of financial reporting instruments has had a positive and significant impact on NGOs' financial performance in Kenya's Narok County.

**Pavithran et al. (2020),** in their paper, evaluated the influence of the convergence with the International Financial Report Standard (IFRS) on the stock market performance of 12 pharmaceutical companies listed in the S&P BSE 100. Six years were chosen from 2013 to 2018, and an empirical model for the regression was used of the Ordinary Least Square (OLS). The result showed that the financial statements' meaning importance was strong when they converged with IFRS. With reference to the Indian Stock Exchange, the

effect of the financial statement variables was considered positive. Nonetheless, both financial factors have been substantially related to stock market indices.

**Iatridis (2010),** in his study titled, "the implementation of the UK's International Financial Reporting Standards (IFRSs) and focused on the transition from UK GAAP to IFRSs," The study examines the earnings management capacity under IFRSs by reviewing the company accounting measures reported under the UK GAAP and IFRSs. The findings indicate that implementing IFRSs reduces earnings management scope and is associated with more timely loss recognition, and leads to more value-related accounting actions.

Nelson (2018), in his investigation, determined the impact of accounting policy disclosures on financial results in the annual financial reports. He found out how disclosure of corporate social responsibility in the annual financial reports affects banks' financial results and how relevant transaction disclosures in the annual financial reports impact financial performance party. The study concludes that financial reporting by commercial banks listed at the NSE has a higher level of financial reporting in relation to those results.

### 3.4. Revenue Mobilization

**William and Khaled (2017),** in their investigation entitled "Raising Revenue and Reforming the Budget," that overall revenue performance of Afghanistan, building on its extremely rapid growth in 2015 (22 percent) and in the first half of 2016, Government revenue as a share of Afghanistan's gross domestic product (GDP) has risen from a low of 8.7 percent in 2014 to 10.3 percent in 2015 and well over 11 percent in 2016. Few countries, let alone those facing prolonged war and fragility, such as Afghanistan, can achieve an annual revenue rise of more than one percentage point each as a share of GDP. Strong revenue performance in 2016 is particularly significant because, despite continued low economic growth, GDP per capita has stagnated or declined over the last three years.

**Dutta, M. K & Dutta, P (2015),** on his research paper titled, "Revenue Mobilization Effort of Special Category States of Assam in North-east India." The finding shows that the effort on the part of the government seen to control fiscal imbalances as the per Capita revenue expenditure coefficient is found to be positive and significant over the period of 1991 to 2010. However, Hrushikesh (2020) efforts to empirically understand the role of Information and Communication Technology infrastructure and governance quality in direct and indirect tax revenues mobilization for the combined governments of Centre, States and Union Territories of India during the post-liberalization period of 1990–1991 to 2017–2018. He found that ICT infrastructures and governance quality have no significant positive effect on the overall tax revenue collections.

**Sharma and Singh (2018),** in their study titled, "Performance of Indian income tax revenue in the post-liberalization period (1991-2015)". The research examines the relationship between income tax revenue with different structural, macroeconomic, and governance factors. Multiple regression analysis revealed that the labor force participation rate, GDP per capita, public currency, FDI inflows, trade openness, and the

share of the agricultural sector in GDP have an important impact on India's income tax revenue performance. The results have significant effects for improving the sensitivity of income tax revenue performance throughout the dynamic and changing environment of the Indian economy.

**Scott, G. K. (2018),** in his article titled, "Revenue mobilization practices in Ghana's District Assemblies (DAs) influence service delivery. Mixed methods used in this research, qualitative and quantitative data were collected using questionnaires, interviews, focus group discussions, and document analysis. The study evaluated quantitative data using descriptive statistics and regression, while the thematically represented qualitative data. The research found that the DAs' methods of revenue mobilization had a positive and important effect on service delivery.

**PEFA (2008, 2013, and 2018),** in their study, titled "public expenditure and financial accountability assessment in Afghanistan," the study examined the PFM Systems, Processes, and Institutions in Afghanistan. They found that the budget process based on multi-year fiscal planning and moderately detailed budgeting at the level of ministries and agencies, but so far has lacked the necessary strategic prioritizations of resources by the Cabinet early in the process (PEFA 2008). The assessment indicates remarkable progress on the fiscal front. Despite pressures, fiscal discipline has been strictly enforced and maintained, and there is significant fiscal transparency (PEFA 2013). The significant achievements include establishing the legal, institutional and operational framework for PFM and ancillary functions and introducing the modern budget tools and automated payments (PEFA 2018); found that the PFM system has significantly improved since the reconstruction efforts commenced in the year 2002.

## 4. Research gap

This literature has raised key issues concerning public financial management's opening up in government ministries in Afghanistan. First, it is argued that public financial management practices, such as budgeting and financial planning, internal control, reporting, revenue mobilization, and public financial governance, play an important role in enabling government authorities to control the wastage of public funds giving taxpayers value for money, improving the quality of government services and allowing for better allocation of funds. In Afghanistan, few studies on the PFM system called Public Expenditure and Financial Accountability (PEFA) evaluations monitor Afghanistan's PFM reforms' outcomes. The PEFA assessment has been completed as a joint Government and Development Partners initiative to inform relevant stakeholders of the extent to which national PFM systems and practices support achieving fiscal and budgetary outcomes. The PFM system has been investigated only three times over 2005-2007, 2010-2012, and 2014-2016. The assessment of the assessment shall be the central Government's fiscal operations, the extra-budgetary units, and the state-owned budgetary units. This includes centralized accounting entities, namely line ministries and other central government agencies. The national legislature approves the budget and is processed through the Afghanistan Financial Management Information System (AFMIS) based on the PEFA indicators. Public undertakings and extra-budgetary units shall cover

the scope of financial reporting and allocations from the national budget. The review collaborated with key development partners working with GIRoA to support the PFM system. The World Bank administered the review, and the evaluation was overseen by a Steering Committee consisting of key stakeholders in the GIRoA. A comprehensive quality assurance mechanism has been put in place, including experts from the World Bank sector and external peer reviewers, including the PEFA Secretariat, DFID, and the EU Delegation.

With the consideration of the past literature, there is a gap between the present study and the past studies since, in the previous research, all the government PFM reforms were took placed on their studies. They used only secondary data, but in the current study, the researcher used both primary and secondary data to determine the role PFM system in achieving strategic goals. For this reason, nine key ministries with high performance have been selected to meet the goals and objectives; therefore, each of these selected ministries constitutes a significant part of the budget sectors of the Government. On the other hand, most of the past studies on this subject have been conducted in distant regions such as China (Wang 2017), Kenya (Obwaya, 2011; Onduso, 2013; Mwaura, 2013; Mutune, 2014; Melson, 2018), Sri Lanka (Silva et al., 2018), Saudi Arabia (Sharma & Senan, 2019), Tanzania (Nadalahwa, 2018), United Kingdom (Iatridis,2010), Bangladesh (Hossen, 2015) South Africa (Zenke), Nigerian (Ffiom and Edet, 2019), Indonesia (Lissa, 2018). Past studies have been conducted in contexts that differed from the Afghanistan context, thus making these studies' findings not generalizable to Afghanistan's Government. This, therefore, warranted the current study.

## 5. Research Questions

1. What is the impact of budgeting and financial planning on the government line ministries' performance?
2. What is the impact of Internal Control on the government line ministries' Performance?
3. What is the impact of Financial Reporting on the performance of the government line ministries?
4. What is Revenue Mobilization's impact on the line government ministries' Performance?

## 6. General Objectives

The study's main objective is to evaluate the “Role of public financial management system in achieving strategic goals: With special reference to Afghanistan.”

### 6.1. Specific Objectives

1. To study the System, Process, and Institutions of the Public Financial Management System in Afghanistan.

2. To examine the impact of Budgeting and Financial Planning on the Performance of the Government Line Ministries.
3. To analysis the impact of The Internal Control on the Performance of the Government Line Ministries.
4. To evaluate the impact of Reporting Practices on the Performance of the Government Line Ministries.
5. To examine the impact of Revenue Mobilization on the Performance of the Government Line Ministries.
6. To offer a Pragmatic Suggestion to the Government Line Ministries in Achieving the Strategic Goals.

## 7. Hypotheses of the Study

*Following are the hypotheses developed from the theoretical framework for the study.*

**Hypothesis: 1**

H (0): Budgeting and Financial Planning have no significant impact on Performance GLMA.
H (1): Budgeting and Financial Planning have a significant impact on Performance GLMA.

**Hypothesis: 2**

H (0): Internal Control has no significant impact on the performance of GLMA.
H (1): Internal control has a significant impact on the performance of GLMA.

**Hypothesis: 3**

H (0): Reporting has no significant impact on the performance of GLMA.
H (1): Reporting has a significant impact on the performance of GLMA.

**Hypothesis: 4**

H (0): Revenue mobilization has no significant impact on the performance of GLMA.
H (1): Revenue mobilization has a significant impact on the performance of GLMA.

## 8. Research Methodology

The research method outlines the actual steps that have been taken in the research process, from the data collection to analysis. The method is about how the research is carried out. This study uses a survey questionnaire as a data collection method. With the help of structured questionnaires, quantitative data from the target respondents, Finance and Accounting Directorate, Finance Policy and the Macro-Economic Directorate, and the General Budget Directorate of the government selected ministers collected with the help of standardized questionnaires.

## 8.1. Population and Sampling

The finance and budget directorate from each ministry was selected to participate in the survey. The area chosen is the nine selected government central line ministers, (Ministry of Agriculture, Irrigation and Livestock (MAIL), Ministry of Commerce and Industries (MOCI), Ministry of Economic (MOC), Ministry of Finance (MOF), Ministry of Higher Education (MOHE), Ministry of Interior Affairs (MOIA), Ministry of Mine and Petroleum (MOMP), Ministry of Public Health (MOPH) and Ministry of Rural Rehabilitation and Development (MRRD). Therefore, they provided first-hand and valuable information on the role of the PFM system in Afghanistan, particularly the budgeting and financial planning, internal control, reporting, public financial government practice, and revenue mobilization process. However, the researcher attempted to distribute questionnaires to those who had worked in the public sectors that had relatively good knowledge of the subject, especially in the government budgeting process.

For the present study, the purposive sampling method was used to develop a sample of the research. In purposive sampling, which belongs to the category of non-probability sampling techniques, the sample respondents are selected based on their knowledge, experience, and expertise regarding a research subject (Freedman et al., 2007). Under the non-probability method, this study utilized a purposive sampling method in selecting its sample. This is because of the Directors, Managers, Officers, and Advisors belonging to the selected line ministries. The non-probability sampling method occurs when a component is selected for the sample by the researcher's judgment and findings, and researchers often trust that they can find a characteristic sample by using sound judgment, which saves time and money. The purposive sampling method may demonstrate effectiveness when only limited numbers of people can serve as a source of primary data due to the nature of research design and aims and objectives. In targeted sampling, personal judgment needs to be used to choose cases that help answer research questions or achieve research objectives (Saunders & Lewis, 2009).

## 8.2. Data Collection Procedure

Before beginning data collection, an extensive literature review was conducted to identify the role of the PFM system in achieving government strategic goals. Considering the past literature with the consultation of experts (PFM experts), the questionnaire was designed and developed for the survey.

It can be seen from Table:1 A total of 516 questionnaires (Printed) distributed to the nine selected line ministries (Finance and Accounting, Finance Policy, and Macro-Economic and General Budget Directorates). The total number of the respondent received 226, which is about 43 percent of the total questionnaires distributed. A sample of 217 usable and suitable for analysis responses, 13 from Directors, 23 from Managers, 146 from the Officers, and 35 from the advisors and experts selected ministries departments were considered for the analysis.

**Table:1 Population and Sample Size.**

| Ministry | Population(total number of respondent) | Sample Size |
|---|---|---|
| MAIL | 25 | 16 |
| MOCI | 33 | 18 |
| MOE | 25 | 23 |
| MOF | 180 | 51 |
| MOHE | 27 | 19 |
| MOIA | 119 | 29 |
| MOMP | 36 | 15 |
| MOPH | 37 | 29 |
| MRRD | 34 | 17 |
| **Total** | **516** | **217** |

Source: primary data.

On the other hand, the questionnaire is divided into six sections. The First Section included questions on the demographic information of respondents, the Second Section included thirty-six items/statements on the budgeting and financial planning, the Third Section is twenty-three items/statements on the internal control and reporting, the Forth Section contained eleven items/questions on public financial government practices, the Fifth section has eleven items/statement on the revenue mobilization and the sixth section has ten items/statement which indicates independent variables(Performance).

The questionnaire was designed based on three different approaches widely used in creating a survey instrument. These approaches are;

- Adoption of questions used in other questionnaires
- Adaptation of questions used in other questionnaires, and
- Developing your own questions

A five-point Likert scale was measured for each item/question in the second and to the sixth sections of the questionnaire -strongly disagree to strongly agree.

### 8.3. Validity and Reliability

Validity raises the problem of whether a study method, such as a questionnaire actually tests what was intended to be measured or whether its findings are applicable to a respondent (Saunders et al., 2016). On the other hand, a research instrument's reliability refers to its accuracy over time. In other words, the reliability of an instrument refers to the degree to which it yields reliable results when the characteristic being evaluated has not changed. In addition, Kothari (2004) indicates that a measuring instrument is reliable if it produces consistent results. Sije (2017) suggested that researchers use multiple approaches to achieve reliability of testing tools and that the current study used the test-retest approach as a result. Cooper et al. (2006) argue that this approach requires the administration of the same test twice to the same party after a certain period of time as the previous test, which was specific to the current sample in the sample's view, has elapsed. The coefficient of reliability of the research instrument was calculated using the

Alpha coefficient of Cronbach. In order to form a single scale, this instrument tests internal consistency within a group of items combined. According to Corbin et al. (2014), a coefficient of Cronbach-alpha greater than 0.7 indicates a reliable factor. If the alpha coefficient of Cronbach was less than 0.7, then the tool had to be updated before the main analysis was carried out to the required standard. The following is the generally accepted rule of thumb for defining the internal accuracy of a research instrument, according to George and Mallery (2003).

### 8.4. Pilot testing

Before administering the research instrument for full data collection, it was pilot tested to determine the extent of its reliability. The questionnaire has consisted of five parts. The first part included questions on the Budgeting Practices, and there were 17 statements/items, the second part, 14 questions on the Internal Control Practices, the third part, 9 questions on the Financial Reporting Practices, the fourth part,11 questions on the Revenue Mobilization Practices and the last part were 10 questions belong to the Performance of the government line ministries in Afghanistan. The result of the analysis revealed that the Cronbach alpha score for the 17 item Budgeting Practices was found to be (0.819). Subsequently, the Cronbach alpha for 14, Internal control Practices and 9 item questions on Reporting Practices 13 items questions on Public Financial Government Practices, 11 items questions on Revenue Mobilization Practices and 10 items questions on the Performance of the government line ministries were (0.819), (0.788), (0.798), (0.762) and (0.892) respectively. The analysis results revealed that all the Cronbach alpha is greater than the acceptable threshold of 0.7 and thereby confirm the validity of constructs in the research instrument.

### 8.5. Tools and Techniques

#### 8.5.1. Data Analysis

Before the data analysis was performed, the raw data collected from the field was cleaned, edited, and then coded. This exercise transformed the data into information that was later used to test the research hypotheses. Corbin et al. (2014) and Zikmund (2013) defined data analysis as the computation of certain measures and searching for patterns of relationships among data groups. Data processing and analysis are essential to ensure that all relevant data is gathered for making contemplated comparisons and analysis (Mugenda, 2003).

The researcher used descriptive analysis, correlation analysis, and regression analysis to analyze the quantitative data, while qualitative data were analyzed using content analysis. Neuman (2014) listed content analysis as a key non-reactive research methodology and described it as a technique for collecting and analyzing the text's content. The ‘content’ refers to words, meanings, pictures, symbols, ideas, themes, or any message that can be communicated. The ‘text’ is anything written, visual, or spoken that serves as a medium for communication (Neuman, 2014). Since the content analysis was used to analyze qualitative data, the texts of the open-ended questions were studied and subdivided into themes guided by the study's objectives. The themes then guided the researcher by analyzing the data. According to Mbwesa (2006) and Sije (2017), descriptive analysis

involves finding numerical summaries to provide a deeper insight into the characteristics and description of the variables under study. Correlation analysis involves using the collected data to determine whether a relationship exists between two or more quantifiable variables where the magnitude and direction of correlation are expressed by correlation coefficient (Cohen, West, & Aiken, 2013). According to Creswell (2017), multiple linear regression analysis involves measuring the linear association between a dependent and independent variable(s). It assumes that the dependent variable is predicatively linked to the independent variable(s). Regression analysis, therefore, attempts to predict the values of a continuous interval or scaled dependent variable from the specific values of the independent variables.

### 8.5.2. Research Models

After completing the conditional diagnostic tests, a regression analysis was conducted to determine whether independent variables predicted the research model's dependent variable. The R square, t-test, and F-test and variance analysis (ANOVA) tests were all generated by the SPSS to test the significance of the relationship between the variables in the study and to determine the extent to which the predictor variables explained the variation in the dependent variable. The research hypotheses were tested using a 95 percent confidence-level P-value approach based on linear and multiple regression analysis of the outputs produced by the SPSS. The decision rules were that the null hypothesis should be rejected if the P-value calculated is lower than the significant level 0.05 and not rejected if the P-value is greater than the significance level 0.05. The significance of the independent variables was tested using the F test and p-value approaches. The decision rules were to reject the null hypothesis that the independent variable(s) effect was insignificant if the computed F value exceeds the critical F value or if the P-value was the less critical value of 0.05.

The study had five objectives, from which four research hypotheses were identified. The following simple regression model was used:

$$Y = \beta_{0_i} + \beta_i X_i + \varepsilon_i \quad \text{Model (1)}$$

$_i$ = 1, 2, 3 and 4

$\beta_{0_i}$ It is the intercept of variable Y

$\beta_i$ It is the slope or gradient of the regression line which explains the manner in which Y relates to $X_i$

$\varepsilon_i$- It is the error term.

In this study, the government ministries' financial performance was the dependent variable (Y), and the public financial management system was an independent variable (Xi). Since there were four independent variables in the study, a simple linear regression model was used for each variable. The results for Model 2 indicated whether each public financial management system had a significant impact on the performance of government ministries in Afghanistan. Multiple linear regression analysis has been used to determine the cumulative relationship between all independent variables and the dependent variable.

The multiple regression equation used was the following:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_{2+} \beta_3 X_{3+} \beta_4 X_{4+} \varepsilon_i \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\textbf{Mode (2)}$$

***Where***

Y - Financial Performance (P)
$X_1$ - Budgeting and Financial Planning (BFP)
$X_2$ - Internal Control (IC)
$X_3$ - Financial Reporting (FR)
$X_4$ - Revenue Mobilization (RM)
$\beta_0$, $\beta_1$, $\beta_2$,$\beta_3$ and $\beta_4$, are regression constants
$\varepsilon$ - Error term

### 8.5.3. Data Presentation

Data techniques and presentations presented using statistical techniques, textual, tabular, and graphic to come up with comprehensive conclusions Kombo and Tromp (2006). Quantitative data was presented using statistical techniques such as tables, while qualitative data presented descriptively in this study. Text is the main method for explaining findings, outlining trends, and providing contextual information. The graph is a very effective visual tool, as it displays data at a glance, facilitates comparison, and can reveal trends and relationships within the data, such as changes over time, frequency distribution, and correlation or relative proportions of the whole.

### 8.5.4. Measurement of Variables

The study dependent-variable is the performance of government ministers in Afghanistan, which has been tested by four independent variables: budgeting and financial planning, internal control, financial reporting, and revenue mobilization. The performance of GLMA has been measured by (collected revenue). And the non-financial parameters of (Budget target, long-term organizational strategies, management capability, and quality of the PFM system). The measurements of independent variables and dependent variables were shown in Table 2 below.

**Table 2: Measurement of Variables**

| Variable | Constructs | Operational Definition | Measurement Scale | Data Type |
|---|---|---|---|---|
| Performance | • Financial (Budget target)<br>• Non-Financial (long-term organizational strategies, management capability, and quality of the PFM system) | Responses to be provided in the Likert Scale of 1-5 to assess the influence the role of the public financial management system on the performance of government ministries in Afghanistan | Ordinal scale | Quantitative and qualitative |

| | | | | |
|---|---|---|---|---|
| Budgeting and financial planning | • Budget Plans<br>• Budget Estimates<br>• Budget Implementation | Responses to be provided in the Likert Scale of 1-5 to assess the influence of budgeting and financial planning on the performance of respected ministries of government in Afghanistan | Ordinal scale | Quantitative and qualitative |
| Internal Control | • Monitoring Unit<br>• Internal audit<br>• Risk Assessment | Responses to be provided in the Likert Scale of 1-5 to assess the influence of internal control on the performance of respected ministries of government in Afghanistan | Ordinal scale | Quantitative and qualitative |
| Financial Reporting | Reporting based on financial statement<br>• Reporting the financial health of the organization<br>• Reporting in decision making | Responses to be provided in the Likert Scale of 1-5 to assess the influence of financial reporting on the performance of respected ministries of government in Afghanistan | Ordinal scale | Quantitative and qualitative |
| Revenue Mobilization | • Revenue Collection strategies and administration<br>• Revenue regulation<br>• Revenue Compliance and enforcement | Responses to be provided in the Likert Scale of 1-5 to assess the influence of revenue mobilization on the performance of respected ministries of government in Afghanistan | Ordinal scale | Quantitative and qualitative |

*Source: developed by author*

### 8.5.5. Operationalization of Variables.

The dependent variable was the performance of the government ministries in Afghanistan, which was assessed by four independent variables: budgeting and financial planning, internal control, financial reporting, and revenue mobilization. The measurement parameters for the study variables are shown in Table 3 below.

**Table 3: Operationalization of Variables**

| | | | |
|---|---|---|---|
| Budgeting and Financial Planning | - | Financial Plans<br>Budget Estimates<br>Budget Implementation | Quantitative and qualitative |
| Internal Control | - | Monitoring Unit<br>Internal audit<br>Risk Assessment | Quantitative and qualitative |

| | | |
|---|---|---|
| Financial Reporting | - Reporting based on financial statement<br>- Reporting the financial health of the organization<br>- Reporting in decision making | Quantitative and qualitative |
| Revenue Mobilization | - Revenue Collection strategies and administration<br>- Revenue regulation<br>- Revenue Compliance and enforcement | Quantitative and qualitative |

*Source: developed by the author*

### 8.5.6. Hypothesis Testing

Table 4 indicates the summary of the research hypotheses, type of analysis, decision rule, and the interpretation of the results.

**Table 4: Hypotheses Testing**

| | Hypotheses statements | Type of Analysis | Decision rule and interpretation |
|---|---|---|---|
| $H_{01}$: | Budgeting and Financial planning have no significant influence on the performance of government line ministries in Afghanistan | • Pearson's Correlation | - Reject $H_{01}$ if P-value is < 0.05<br>- Fail to reject $H_{01}$ if P-value is > 0.05.<br>- $Y= \beta_0+ \beta_1X_1+\varepsilon$ |
| $H_{02}$: | Internal control has no significant influence on the performance of government line ministries in Afghanistan | • Pearson's Correlation | - Reject $H_{02}$ if P-value is < 0.05<br>- Fail to reject $H_{01}$ if P-value is > 0.05.<br>- $Y= \beta_0+ \beta_2X_2+\varepsilon$ |
| $H_{03}$: | Reporting practices governance have no significant influence on the performance of government line ministries in Afghanistan | • Pearson's Correlation | - Reject $H_{03}$ if P-value is < 0.05<br>- Fail to reject $H_{01}$ if P-value is > 0.05<br>- $Y= \beta_0+ \beta_3X_3+\varepsilon$ |
| $H_{04}$: | Revenue mobilization has no significant influence on the government line ministries in Afghanistan. | • Pearson's Correlation | - Reject $H_{04}$ if P-value is < 0.05<br>- Fail to reject $H_{01}$ if P-value is > 0.05<br>- $Y= \beta_0+ \beta_4X_4+\varepsilon$ |

*Source: developed by the author*

## 9. Scope of the study

The present research scope is to study the PFM system's role in achieving the strategic goals in government line ministries in Afghanistan. It is primarily focused on examining the impact of Budgeting and Financial Planning, Internal Control, Reporting, and Revenue Mobilization on the Performance of the selected government line ministries in Afghanistan. The study covers a period of nearly five years from Jan 2016 to Dec 2020. The primary data collection and fieldwork are carried out between June to September 2018.

## 10. Chapter Scheme

The entire work was presented in the form of Six chapters. The chapters are the following.

***Chapter II: Review of Literature***

This chapter deals with the literature review on the PFM System (Budgeting and Financial Planning, Internal Control, Financial Reporting, and Revenue Mobilization).

***Chapter III: Research Methodology***

This chapter describes in detail the research methodology, Introduction, Research design, Sampling, Data collection methods, Data analysis and presentation, and conclusion.

***Chapter IV: An Overview of Public Financial Management System in Afghanistan***

This chapter provides an overview of public financial management in Afghanistan. It consists of Introduction, Afghanistan country profile, Country economic situation, Domestic economic outlook, Fiscal Strategy, Development strategy, Role of public financial management, Budget definitions (Practice and methods), Budgeting in Afghanistan, Expenditure budget, Public financial management reforms approach, Policy reforms, Institution consideration, and Budget cycle in Afghanistan, Institutions/Actors influencing on the national budget.

***Chapter V: Public Financial Management System and Strategic Goals – Perceptual Analysis***

This chapter involved testing the impact of Budgeting and Financial Planning, Internal Control, Financial Reporting, and Revenue Mobilization as an independent variable on government line ministers' Performance as a dependent variable statistically. These variables were studied through the Regression Model to analyze the relationship between the dependent variables with the independent variables.

***Chapter VI: Summary of Findings, Suggestion and Conclusion***

This chapter describes the Findings, Suggestions, Conclusions, Limitations, and Scope for future research.

## 11. Major findings

### 11.1. Introduction

The findings of the study investigated the role of public financial management in the performance of government line ministries in Afghanistan (GLMA). This chapter aimed to present the results of the findings in order to test both the conceptual model and the research hypotheses. The participation rate, reliability, and validity of the research designs shall be provided in the first phase. Second, it describes the general background information and descriptive analysis of the respondents. Finally, in order to test the hypotheses, the chapter explains the findings of the statistical analysis and presents the results and conclusions of the findings.

### 11.2. Demographic Profile of the Study of the Respondents

Table 5 shows the demographic profile of the respondents.

**Table 5. Demographic Profile of Study Respondents (N = 217)**

| Demographics | Characteristic | Percentage |
|---|---|---|
| **Gender Group** | **Male** | **86.2** |
| | **Female** | **13.8** |
| **Age Group** | 20-30 years | 18.9 |
| | 31-40 years | 37.3 |
| | 41-50 years | 23 |
| | 51-60 years | 9.7 |
| **Educational Group** | **School-graduate** | **4.5** |
| | **Under-graduate** | **52.5** |
| | **Post-graduate** | **38.2** |
| | **PhD** | **2.3** |
| | **Others** | **2.3** |
| **Current Positions** | Directors | 6 |
| | Managers | 10.6 |
| | Officers | 67.3 |
| | Advisors(Contractors) | 16.1 |
| **Experience Group** | **1-3 years** | **27.2** |
| | **4-7 years** | **41.9** |
| | **8-11 years** | **14.3** |
| | **12 years & Above** | **16.6** |

| | | |
|---|---|---|
| **Number of Respondents From Directorates** | Finance and Accounting Directorate | 81.6 |
| | Internal Control Directorate | 12.9 |
| | General Budget Directorate | 5.5 |

*Source: Primary data.*

### 11.3. Performance of Government Line Ministries in Afghanistan (GLMA)

***General Objective:*** To define the "Role of Public Financial Management System in Achieving Strategic Goals; with the Special Reference to Afghanistan." The Performance of government line ministries in Afghanistan was measured using a 5-Point Likert scale, where (1) represented 'Strongly Disagree (SD) and (5) represented 'Strongly Agree (SA).

a) ***Descriptive Analysis for Performance of the GLMA***

The study measured their performance in terms of both financial and non-financial parameters. The results of the descriptive analysis can be found in Table 6.

**Table 6: Response Frequencies for the performance of GLMA**

| | Statement/Items | Frequency and percentage | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Std. deviation |
|---|---|---|---|---|---|---|---|---|---|
| a | The program based - budgeting is fully implemented in the organization financial operations | N | 5 | 31 | 65 | 103 | 13 | 3.41 | 0.888 |
| | | % | 2.3 | 14.3 | 30 | 47.5 | 6 | | |
| b | Program budgeting is focused on the expenditure estimations, monitoring, and control of the organization's key outputs rather than on its consumption of resources. | N | 3 | 16 | 32 | 140 | 26 | 3.78 | 0.802 |
| | | % | 1.4 | 7.4 | 14.7 | 64.5 | 12.0 | | |
| c | The organization has an effective result-based management framework | N | 5 | 15 | 39 | 137 | 21 | 3.71 | 0.824 |
| | | % | 2.3 | 6.9 | 18 | 63.1 | 9.7 | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| d | The medium-term expenditure framework as a budgeting approach has played an important role in achieving organizational strategic objectives | N | 4 | 55 | 50 | 95 | 13 | 3.27 | 0.968 |
| | | % | 1.8 | 25.3 | 23 | 43.8 | 6 | | |
| e | The current budget process is able to reach the intended government strategic goals | N | 4 | 32 | 79 | 90 | 12 | 3.34 | 0.863 |
| | | % | 1.8 | 14.7 | 36.4 | 41.5 | 5.5 | | |
| f | The budget allocated across different programs and defines the organization's outputs were achieved during the past three years. | N | 6 | 37 | 43 | 117 | 14 | 3.44 | 0.942 |
| | | % | 2.8 | 17.1 | 19.8 | 53.9 | 6.5 | | |
| g | The revenues target achieved during the past three years | N | 9 | 47 | 51 | 92 | 18 | 3.29 | 1.029 |
| | | % | 4.1 | 21.7 | 23.5 | 42.4 | 8.3 | | |
| h | Automation of revenue collection operations has increased collections and reduced leakages | N | 10 | 40 | 48 | 99 | 20 | 3.36 | 1.032 |
| | | % | 4.6 | 18.4 | 22.1 | 45.6 | 9.2 | | |
| i | Revenue mobilization had a significant positive impact on the achievement of government strategic goals | N | 4 | 22 | 52 | 109 | 30 | 3.64 | 0.908 |
| | | % | 1.8 | 10.1 | 24 | 50.2 | 13.8 | | |
| j | The organizations have sufficient expert staffs to collect their own revenue sources | N | 5 | 55 | 23 | 121 | 13 | 3.27 | 0.968 |
| | | % | 2.3 | 25.3 | 10.6 | 55.8 | 6.0 | | |

*Source: primary data(Questionnaire), SPSS analysis.*

The following rating obtained from Table 22 shows (53.5%) of the respondents opined that the program-based - budgeting is fully implemented in the organization's financial operations. In addition, 76.5 % of the respondents agreed that program budgeting is focused on the expenditure estimations, monitoring, and control of organization key outputs rather than on its consumption of the resources. 72.8 % of the respondents

observed that the organization has an effective results-based management framework. On the other hand, 49.8% of the respondents opined that The medium-term expenditure framework, as a budgeting approach, had played an important role in achieving organizational strategic objectives. Furthermore, 47 % of the respondents agreed that the current budget process could reach the intended government strategic goals. 60.4% of the respondents agree that the budget was allocated across different programs and defines the organization's outputs were achieved during the past three years. At the same time, 50.7 % of the respondents agreed that the revenue target was achieved during the past three years. However, 54.8 % of the respondents posited that revenue collection operations' automation had increased collections and reduced leakages. 64% of the respondents indicated that the revenue mobilization practices had a significant positive effect on achieving government strategic goals, and 61.8% of the respondents observed that the organizations have sufficient expert staff to collect their own revenue sources.
Finally, it can be seen from Table 6 the statement/item (b) indicates that the Program budgeting is focused on the expenditure estimations, monitoring, and control on organization key outputs rather than on its consumption of the resources has the highest mean (3.78). However, statement/item (e) shows that the organization realistically estimates the medium-term expenditure framework has the lowest mean (3.27).

### 11.4. Effect of BFP on the Performance of GLMA

***Specific Objective 1:*** To examine the impact of BFP on the performance of government line ministries in Afghanistan

**Table 7: Response Frequencies for BFP**

| | Statement/Items | Frequency and percentage | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Std. deviation |
|---|---|---|---|---|---|---|---|---|---|
| a | The organization utilizes the macro-fiscal framework as its primary budget planning document | N | 3 | 16 | 32 | 140 | 26 | 3.78 | 0.802 |
| | | % | 1.4 | 7.4 | 14.7 | 65 | 12 | | |
| b | The national priority program (NPP) is in line with Afghanistan's national peace and development Framework (ANPDF). | N | 1 | 17 | 46 | 129 | 24 | 3.73 | 0.779 |
| | | % | 0.5 | 7.8 | 21.2 | 59 | 11.1 | | |
| c | The national budget aligned with ANPDF and NPP and organizational strategic goals | N | 3 | 16 | 48 | 123 | 27 | 3.71 | 0.829 |
| | | % | 1.4 | 7.4 | 22.1 | 57 | 12.4 | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| d | Organization allotments based on priorities in ANPDF, NPPs and organization strategic planning ANPDF and NPPs | N | 3 | 12 | 53 | 133 | 16 | 3.68 | 0.75 |
| | | % | 1.4 | 5.5 | 24.4 | 61 | 7.4 | | |
| e | The organization realistically estimates the medium-term expenditure framework. | N | 5 | 39 | 66 | 93 | 14 | 3.33 | 0.923 |
| | | % | 2.3 | 18 | 30.4 | 43 | 6.5 | | |
| f | The budget is allocated based on the realistic requirements in my department. | N | 5 | 27 | 45 | 113 | 27 | 3.6 | 0.938 |
| | | % | 2.3 | 12 | 20.7 | 53 | 12.4 | | |
| g | There is timely disbursement of the resources to my department. | N | 3 | 23 | 36 | 113 | 42 | 3.77 | 0.928 |
| | | % | 1.4 | 11 | 16.6 | 52 | 19.4 | | |
| h | The budget guidelines before preparation of budgets are clear to the participants. | N | 2 | 23 | 36 | 118 | 38 | 3.77 | 0.894 |
| | | % | 0.9 | 11 | 16.6 | 54 | 17.5 | | |
| i | The organization has proper communication between budgetary units during the process of budget planning and implementation. | N | 3 | 23 | 45 | 108 | 38 | 3.71 | 0.924 |
| | | % | 1.4 | 11 | 20.7 | 50 | 17.5 | | |
| j | Effective cooperation between leadership and subordinates in budget planning and exaction process | N | 3 | 27 | 40 | 119 | 28 | 3.65 | 0.905 |
| | | % | 1.4 | 12 | 18.4 | 55 | 12.9 | | |
| k | Effective coordination among the various activates during budget planning and execution. | N | 3 | 23 | 52 | 115 | 24 | 3.62 | 0.869 |
| | | % | 1.4 | 11 | 24 | 53 | 11.1 | | |
| l | The management can overcome the challenges of budget planning and implementation. | N | 4 | 22 | 52 | 109 | 30 | 3.64 | 0.908 |
| | | % | 1.8 | 10 | 24 | 50 | 13.8 | | |
| m | Financial planning and budgeting can be used as a tool to prevent financial challenges. | N | 5 | 13 | 25 | 112 | 62 | 3.98 | 0.923 |
| | | % | 2.3 | 6 | 11.5 | 52 | 28.6 | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| n | The organization plan includes analyzing the revenue and expenditure forecasts, economic environment, analysis of debt position, and strategies for achieving and maintaining financial balance. | N | 6 | 23 | 57 | 109 | 22 | 3.54 | 0.912 |
| | | % | 2.8 | 11 | 26.3 | 50 | 10.1 | | |
| o | The financial plans have a monitoring mechanism that indicates financial health. | N | 8 | 28 | 37 | 119 | 25 | 3.58 | 0.979 |
| | | % | 3.7 | 13 | 17.1 | 55 | 11.5 | | |
| p | The budget is implemented as approved by the parliament. | N | 2 | 21 | 27 | 102 | 65 | 3.95 | 0.947 |
| | | % | 0.9 | 9.7 | 12.4 | 47 | 30 | | |
| Q | The organization conducts monthly and yearly budget variance analysis. | N | 5 | 19 | 69 | 98 | 26 | 3.56 | 0.896 |
| | | % | 2.3 | 8.8 | 31.8 | 45 | 12 | | |

*Source: primary data (Questionnaire), SPSS analysis.*

The descriptive analysis result can be seen from Table 7, which obtained the following rating: 76.5 % of the respondents agreed that the organization utilizes the macro-fiscal framework as its primary budget planning document. At the same time, 70.5 % of the respondents posited that the National Priority Program (NPP) is in line with Afghanistan's National Peace and Development Framework (ANPDF). While 68.11% opined that the national budget aligned with ANPDF and NPP and organizational strategic goals. 68.7% of the respondents noted that Organization allocations are based on priorities in ANPDF, NPPs, and organization strategies planning ANPDF and NPP. However, 48.14% of respondents suggested that the Medium-term expenditure framework is 196 realistically estimated by the organization. Within the study, 64.11 % of the respondents concluded that their budget is allocated based on my department's realistic requirements. On the other hand, 71.5% of the respondents observed that there is no timely disbursement of resources to their departments.71.9% of the respondents opined that the budget guidelines before preparation of budgets are clear to the participants. In addition, (66.11%)of the respondents agreed that the organization has proper communication between budgetary units during the process of budget planning and implementation. 66.17% of the respondents argued that Effective cooperation between leadership and subordinates in budget planning and exaction process. 64.1 % indicated that Effective coordination among the various activates during the budget planning and execution. Moreover, 63.1% of the respondents mentioned that management could overcome budget planning and implementation challenges. 79% of the respondents maintained that Financial planning and budgeting could be used as a tool

to prevent financial challenges. 60.3% argued that the organization plan includes an analysis of the revenue and expenditure forecasts, economic environment, and analysis debt position, strategies for achieving and maintaining financial balance. 65.13% of the respondents opined that the financial plan(s) has/have monitoring mechanisms that indicate financial health. 77% of the respondents agreed that the budget implemented as approved by the parliament, and 57.2% argued that the organization conducts monthly and yearly budget variance analysis.

It can be seen from Table 5.10, the statement/item (m) indicates that financial planning and budgeting can be used as a tool to prevent financial challenges has the highest mean (3.98). However, statement/item (e) shows that the organization realistically estimates the medium-term expenditure framework has the lowest mean (3.33).

### a) Correlation Coefficient Results of BFP on Performance of GLMA

The research explored the linear relationship between budgeting and financial planning and performance.

**Table 8: Correlation**

| **Variable** | | **BFP** | **Performance** |
|---|---|---|---|
| BFP | Pearson Correlation | 1 | .794** |
| | Sig(2-tailed) | | 0 |
| | N | 217 | |
| **Correlation is significant at the 0.05 level- (2-tailed)<br>a. Dependent variable: FP<br>b. Independent valuables: BFP | | | |

*Source: primary data, SPSS analysis.*

Table 8 shows Pearson's Correlation Test between the BFP and Performance of the Government Line Ministries. It found that there is a positive correlation between BFP and the financial performance of government line ministries in Afghanistan, r (217) =0.794, p-value <0.05. Therefore, the increase in budgeting and financial planning has led to an increase in the financial performance of government ministries in Afghanistan.

### b) Regression Outcomes of BFP on the Performance of GLMA

Meanwhile, the correlation analysis showed a positive relationship between the BFP and the GLMA. The regression analysis was conducted to determine the extent to which the BFP impacts the performance of GLMA. The hypothesis to guide the study was as follows:

***Hypothesis $H_{01}$***: The BFP does not affect government line ministries' performance in Afghanistan. Therefore, the model $Y = \beta_0 + \beta_1 + \varepsilon$ was fitted with BFP as an independent variable to test this hypothesis.

**Table 9: Model Summary**

| R | R Square | Adjusted R Square | Std. The error of the Estimate |
|---|---|---|---|
| .794[a] | .631 | .629 | .29760 |
| a. Predictors: (Constant), BFP<br>b. Dependent Variable: Performance | | | |

*Source: primary data, SPSS analysis.*

Table 9 shows that the coefficient of determination, $R^2$ was, 0.631 means which BFP could explain 63.1% of the performance of GLMA with, the difference of 36.9% being described by other factors outside the model.

**Table 10: ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 32.58 | 1 | 32.58 | 367.971 | .000 |
| | Residual | 19.04 | 215 | .089 | | |
| | Total | 51.63 | 216 | | | |
| a. Dependent Variable: Performance<br>b. Predictors: (Constant), BFP | | | | | | |

*Source: primary data, SPSS analysis.*

Table 10 indicates that the relationship between BFP and the performance of GLMA in the model was significant ($F(1, 217) = 367.971$, $p<0.05$).

**Table 11: Coefficients**

| **Model** | | **Unstandardized Coefficients** | | **Standardized Coefficients** | **t** | **Sig.** |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .327 | .165 | | 1.98 | .048 |
| | BFP | .856 | .045 | .794 | 19.18 | .000 |
| a. Dependent Variable: Financial Performance | | | | | | |

*Source: primary data, SPSS analysis*

Table 11 shows β co-efficient for BFP was significant ($\beta=0.794$, $t=19.18$, $p<0.05$), meaning that for every 1-unit increase in BFP, there was an equivalent increase by 0.794 in the performance of GLMA. Therefore, the model equation for BFP was Model m1.

$$Y = \beta 0 + \beta 1\ X1 + \varepsilon$$
$$Y = 0.327 + 0.856\ X1$$
$$(.048)\quad (.000)$$

In assumption, the results confirm that BFP has a significant impact on the performance of the GLMA, and therefore, **the null hypothesis, $H_{01}$ rejected.**

### c) Research Findings and Discussion on the Relationship Between BFP on the Performance of Government Line Ministries in Afghanistan

**Analysis:**

BFP was measured using a 5-point Likert scale with 1= 'Strongly Disagree' and 5=' Strongly Agree' statements. The findings of the study revealed that there is a positive correlation between the BFP and the financial performance of government ministers in Afghanistan. r (217) =0.794, p-value <0.05). The model shows that the relationship between BFP and the Performance of government line ministries in Afghanistan is significant F (1, 217) =367.971, p<0.05) and $R^2$=0. 631, meaning that BFP can explain 63% of government line ministries' performance in Afghanistan, with a 37 % difference described by other factors outside the model.

**Inference:**

The β co-efficient for BFP was significant (β=0.794, t=19.183, p<0.05), which means that there is a positive influence between BFP and the performance of ministries, which indicates that when the BFP increases by one degree (1-Unit), the efficiency of performance increases by 0.794 degrees in the Public Financial Management System of government ministries in Afghanistan.

## 11.5. Impact of IC on the Performance of GLMA

***Specific Objective 2:*** To examine how IC impact on Performance of GLMA

**Table 12: Response Frequencies for Internal Control (IC)**

| | Statement/Items | Frequency and Percentage | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Std. Deviation |
|---|---|---|---|---|---|---|---|---|---|
| a | I am aware of the audit committee | **N** | 5 | 15 | 39 | 137 | 21 | 3.71 | 0.824 |
| | | **%** | 2.3 | 6.9 | 18 | 63.1 | 9.7 | | |
| b | Programs and activities carried out as planned | **N** | 4 | 32 | 55 | 107 | 19 | 3.48 | 0.913 |
| | | **%** | 1.8 | 14.7 | 25.3 | 49.3 | 8.8 | | |
| c | The internal audit team is reliable | **N** | 21 | 41 | 68 | 70 | 17 | 3.1 | 1.099 |
| | | **%** | 9.7 | 18.9 | 31.3 | 32.3 | 7.8 | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| d | The internal accounting system is manual | **N** | 2 | 22 | 42 | 132 | 19 | 3.66 | 0.812 |
| | | **%** | 0.9 | 10.1 | 19.4 | 60.8 | 8.8 | | |
| e | There are incentives to discover and report control deficiencies | **N** | 3 | 34 | 76 | 92 | 12 | 3.35 | 0.859 |
| | | **%** | 1.4 | 15.7 | 35 | 42.4 | 5.5 | | |
| f | There is a separation of duties and responsibilities in the audit team (for bookkeeping, deposits, reporting, and auditing) | **N** | 5 | 33 | 57 | 106 | 16 | 3.44 | 0.916 |
| | | **%** | 2.3 | 15.2 | 26 | 48.8 | 7.4 | | |
| g | Access controlled to different parts of an accounting system via passwords, lockouts, and electronic access | **N** | 10 | 24 | 66 | 97 | 20 | 3.43 | 0.965 |
| | | **%** | 4.6 | 11.1 | 30.4 | 44.7 | 9.2 | | |
| h | There are robust accesses tracking mechanisms that serve to deter attempts at fraudulent access | **N** | 13 | 52 | 71 | 64 | 17 | 3.09 | 1.041 |
| | | **%** | 6 | 24 | 32.7 | 29.5 | 7.8 | | |
| i | Considered corrective action if performance differs | **N** | 5 | 22 | 64 | 118 | 8 | 3.47 | 0.817 |
| | | **%** | 2.3 | 10.1 | 29.5 | 54.4 | 3.7 | | |
| j | Occasional accounting reconciliations are done | **N** | 3 | 24 | 79 | 103 | 8 | 3.41 | 0.789 |
| | | **%** | 1.4 | 11.1 | 36.4 | 47.5 | 3.7 | | |
| k | There are specific managers/officers required to authorize certain types of transactions | **N** | 11 | 16 | 62 | 107 | 21 | 3.51 | 0.948 |
| | | **%** | 5.1 | 7.4 | 28.6 | 49.3 | 9.7 | | |
| l | Audit personnel have high integrity and ethical values | **N** | 13 | 29 | 66 | 95 | 14 | 3.31 | 0.988 |
| | | **%** | 6 | 13.4. | 30.4 | 43.8 | 6.5 | | |
| m | The officials have “hands-on” oversight involvement in the audit activities | **N** | 3 | 29 | 88 | 86 | 11 | 3.34 | 0.823 |
| | | **%** | 1.4 | 13.4 | 39.6 | 40.5 | 5.1 | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| n | Management personnel communicate internal controls through frequent contact with accounting personnel | **N** | 5 | 31 | 65 | 103 | 13 | 3.41 | 0.888 |
| | | **%** | 2.3 | 14.3 | 30 | 47.5 | 6 | | |

*Source: primary data (Questionnaire), SPSS analysis*

The descriptive analysis result can be seen from Table 12 obtained the following rating: 72.8 % of the respondents observed that they were aware of the audit committee's existence. In addition, 58.1% of respondents agreed that activities carried out as planned. 40.1% indicated that they are confident in the internal audit team. 69.6% of the respondents noted that the internal accounting system is manual. However, 47.9% of the respondents opined that there are no incentives to discover and report control deficiencies. Furthermore, 56.2% of the respondents showed that there is a separation of duties and responsibilities in the audit team (for bookkeeping, deposits, reporting, and auditing). 53.9% of respondents revealed access to different parts of an accounting system controlled via passwords, lockouts, and electronic access. 37.3 % of the respondents agree that there are robust access tracking mechanisms that serve to deter. While 58.1% of respondents believe that they considered corrective action if performance differs. 51.2% acknowledge Occasional accounting reconciliation is done.
In addition, 59% of the respondents noted that management personnel communicated the internal controls through frequent contact with accounting personnel. At the same time, 50.3% of the respondents pointed out that the leadership has a "hands-on" oversight involvement in the audit activities. However, 53.5% of the respondents noted that management personnel communicated the internal controls through frequent contact with accounting personnel.

From the above Table 12 Statement/item (a) that the organization has an audit committee to control the performance of the line ministries with the highest mean (3.71). However, statement/item (h) shows robust access tracking mechanisms that deter fraudulent access attempts with the lowest mean (3.09).

### a) Correlation results of IC on the Performance of GLMA

The findings of the study established a linear relationship between IC and the performance of the GLMA.

**Table 13: Correlation**

| **Variable** | **Internal Control** | **Performance** | |
|---|---|---|---|
| Internal Control | Pearson Correlation | 1 | 0.750** |
| | Sig. (2-tailed) | | .000 |
| | N | 217 | |
| A significant correlation is at the 0.05 level - (2-tailed) | | | |

*Source: primary data, SPSS analysis.*

Table 13 shows a positive correlation between IC and the financial performance of government line ministries in Afghanistan, r (217) =0.750, p-value <0.05. As a result, an increase in IC use has led to an increase in the performance of GLMA.

### b) Regression results of IC on the Performance of GLMA

The regression analysis was performed to establish the extent to which IC influences the performance of GLMA.
A hypothesis to guide the research was as follows:

***Hypothesis $H_{02}$:*** IC has no significant impact on the government line ministers' performance in Afghanistan., The model $Y = \beta_0 + \beta_2 X_2 + \varepsilon$ fitted with IC as an independent variable to test this hypothesis.

**Table 14: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 2 | .750[a] | .562 | .560 | .32438 |
| a. Predictors: (Constant), IC<br>b. Dependent Variable: Performance | | | | |

*Source: primary data, SPSS analysis.*

Table 14 shows that the coefficient of determination, $R^2$ was 0.562, meaning that 56.2 % of the government line ministers' performance in Afghanistan could be explained by IC, with the difference of 34.8% being described by other factors outside the model.

**Table 15: ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 2 | Regression | 29.00 | 1 | 29.008 | 275.681 | .000 |
| | Residual | 22.62 | 215 | .105 | | |
| | Total | 51.63 | 216 | | | |
| a. Dependent Variable: Performance<br>b. Predictors: (Constant), IC | | | | | | |

*Source: primary data, SPSS analysis.*

Table 15 shows that the relationship between IC and Performance of the government line ministries in Afghanistan in the model was significant (F (1, 217) =275.6681, p<0.05).

**Table 16: Coefficients**

| | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | .805 | .162 | | 4.987 | .000 |
| IC | .780 | .047 | .750 | 16.604 | .000 |
| a. Dependent Variable: Performance | | | | | |

*Source: primary data, SPSS analysis.*

Table 16 shows that the β co-efficient for IC was significant (β=0.750, t=16.604 p<0.05), meaning that for every 1-unit increase in IC, there was an equivalent increase of 0.750 in the performance of government line ministries in Afghanistan. As a result, the model equation for IC was; Model m2.

$$Y = \beta_0 + \beta_2 X_2 + \varepsilon$$
$$Y = 0.805 + 0.780\ X_2$$
$$(.000)\quad (.000)$$

The results confirm that IC has a significant impact on the performance of government line ministers in Afghanistan, and therefore, the null hypothesis, $H_{02}$ rejected.

### c) Research Findings and Discussion on the Relationship Between IC on the Performance of GLMA

**Analysis:**

In conclusion, IC was measured using a 5-point Likert scale with 1= 'Strongly Disagree' and 5= 'Strongly Agree' statements.

The findings of the study show that there is a positive correlation between IC and the performance of the GLMA (r (217) =0.750, p-value <0.05). Despite the fact that the study hypothesized that IC had no significant impact on the performance of GLMA. The findings showed that there is a positive statistically significant relationship existed between the two variables IC and performance of GLMA, which was significant (F (1, 2 217) =275.681, p<0.05) and $R^2$ =0.562, meaning that 56.2 % of the performance of GLMA can be explained by IC with the difference that is 34.8 % being described by other factors outside the model.

**Inference:**

The β co-efficient for IC was significant (β =0.750, t=16.604 p<0.05), meaning that there is a positive influence between IC and Performance of the GLMA, which indicates that when the IC increases by one degree(1-Unit), the efficiency of Performance increases by 0.750 degrees in Public Financial Management System of GLMA.

## 11.6. Impact of FR on the Performance of the GLMA

***Specific Objectives 3:*** To examine how FR impact the performance of GLMA

**Table 17: Response Frequency**

| | Statement/Items | Frequency and Percentage | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Std. Deviation |
|---|---|---|---|---|---|---|---|---|---|
| a | The budget report prepared according to the standards | N | 10 | 40 | 48 | 99 | 20 | 3.36 | 1.032 |
| | | % | 4.6 | 18.4 | 22.1 | 45.6 | 9.2 | | |
| b | The budget and finance reports are understandable | N | 5 | 12 | 46 | 137 | 17 | 3.69 | 0.79 |
| | | % | 2.3 | 5.5 | 21.2 | 63.1 | 7.8 | | |
| c | The Budget report has given regularly | N | 3 | 19 | 41 | 140 | 14 | 3.66 | 0.784 |
| | | % | 1.4 | 8.8 | 18.9 | 64.5 | 6.5 | | |
| d | Financial reporting addresses all parties concerned | N | 3 | 25 | 73 | 102 | 14 | 3.46 | 0.833 |
| | | % | 1.4 | 11.5 | 33.6 | 47 | 6.5 | | |
| e | There are feedbacks from budget report | N | 8 | 27 | 81 | 85 | 16 | 3.34 | 0.92 |
| | | % | 3.7 | 12.4 | 37.3 | 39.2 | 7.4 | | |
| f | The Budget report justified by supporting documents | N | 7 | 22 | 39 | 127 | 22 | 3.62 | 0.915 |
| | | % | 3.2 | 10.1 | 18 | 58.5 | 10.1 | | |
| g | The Budget report demonstrates the organization strategic planning achieved effectively | N | 4 | 47 | 65 | 84 | 17 | 3.29 | 0.954 |
| | | % | 1.8 | 21.7 | 30 | 38.7 | 7.8 | | |
| h | Budget reporting ensures that national government priorities efficiently achieved | N | 10 | 43 | 58 | 90 | 16 | 3.27 | 1.011 |
| | | % | 4.6 | 19.8 | 26.7 | 41.5 | 7.4 | | |

*Source: primary data (Questionnaire), SPSS analysis.*

The descriptive analysis result can be seen from Table 17 obtained the following rating: 54.8% of the respondents agreed on the budget report prepared according to the standards. Furthermore, 70.9% observed that budget reports are understandable. At the same time, 71% noted that the budget report had been given regularly. On the other hand, 53.5 % indicate that Budget reporting addresses all parties' concerns. 46.6% of the respondent stating that there are feedbacks from the budget report. However, 68.6 % of the respondent revealed that the budget report was justified by supporting documents. 46.5% of the respondent showed that the budget report demonstrates the organization's strategic planning achieved effectively. In addition, 48.9 % of the respondent pointed out that the budget reporting ensures that national government priorities are efficiently achieved.

From Table 17, the statement/item (b) that the budget and financial reports are understandable and have the highest mean (3.69). However, statement/item (h) budget reporting ensures that national government priorities are efficiently achieved; this indicates the lowest mean (3.27).

### a) Correlation Results of FR on the Performance of GLMA

The findings of the study established a linear relationship between FR and the performance of GLMA.

**Table 18: Correlation**

| Variable | FR | Performance | |
|---|---|---|---|
| FR | Pearson Correlation | 1 | 0.661** |
| | Sig. (2-tailed) | | .000 |
| N | | 217 | |
| A significant correlation is at the 0.05 level - (2-tailed) | | | |

*Source: primary data, SPSS analysis*

Table 18 shows that there is a positive correlation between FR and the performance of GLMA, r (217) =0.661, p-value <0.05. As a result, an increase in the use of the FR has led to an increase in the financial performance of GLMA.

### b) Regression Results of FR on the Performance of GLMA

From the correlation analysis shown in Table 18, it is clear that there is a positive relationship between the FR and the performance of the GLMA. Regression analysis was conducted to determine the extent to which FR influences the performance of the GLMA. The hypothesis for guiding the research was as follows:

***Hypothesis $H_{03}$:*** FR has no significant impact on the performance of government ministers in Afghanistan. The Model $Y= \beta_0 + \beta_3 X_3+ \varepsilon$ fitted with FR as an independent variable to test this hypothesis.

**Table 19: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 3 | .661[a] | 0.436 | 0.434 | 0.3679 |
| a. Predictors: (Constant), FR<br>b. Dependent Variable: Performance | | | | |

*Source: primary data, SPSS analysis*

Table 19 shows that the coefficient of determination, $R^2$ was 0.436, which means that FR could explain 43.6% of performance GLMA with the difference of 56.4% described by other factors outside the model.

**Table 20: ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 3 | Regression | 22.531 | 1 | 22.531 | 166.465 | .000 |
| | Residual | 29.1 | 215 | 0.135 | | |
| | Total | 51.63 | 216 | | | |
| a. Dependent Variable: Performance<br>b. Predictors: (Constant), FR | | | | | | |

*Source: primary data, SPSS analysis*

Table 20 shows that the relationship between FR and the financial performance of GLMA in the model was significant ($F(1, 217) = 166.465$, $p<0.05$).

**Table 21: Coefficients**

| Model | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|
| 3 | **B** | **Std. Error** | **Beta** | **t** | **Sig.** |
| (Constant) | 1.255 | .173 | | 7.261 | .000 |
| Reporting | .645 | .050 | .661 | 12.902 | .000 |
| a. Dependent Variable: Performance | | | | | |

*Source: primary data, SPSS analysis*

Table 21 indicated that the $\beta$ co-efficient for reporting was significant ($\beta$ =0.661, t=12.902 $p<0.05$), which means that there was an equivalent for every 1- unit increase in financial reporting, an increase by 0.661 in the performance of government line ministries in Afghanistan. Hence, the model equation for reporting was; therefore, Model m3.

$$Y = \beta_0 + \beta_3 X_3 + \varepsilon$$

$$Y = 1.255 + 0.645\ X_3$$

$$(.000)\quad (.000)$$

In conclusion, the results confirm that Financial Reporting significantly influences government line ministers' performance in Afghanistan, and therefore, the **null hypothesis, $H_{03}$ rejected.**

### c) Discussion of Research Findings on the Relationship Between the FR on Performance of GLMA

**Analysis:**

FR was measured using a 5-point Likert scale with 1=' Strongly Disagree' and 5=' Strongly Agree' statements.

The findings of the research found that there was a positive correlation between FR and the performance of GLMA (r (217) =0.661, p-value <0.05). The increase in the use of the FR has led to an increase in the financial performance of GLMA. The model shows that the relationship between FR and ministries performance in Afghanistan was significant (F (1, 217) = 166,465, p<0.05) and $R^2$ = 0.436, which means that FR can explain 43.6 % of the performance of GLMA, with the difference that 56.4 % is described by other factors outside the model.

**Inference:**

Also, $\beta$ co-efficient for reporting was significant ($\beta$ =0.661, t=12.902 p<0.05), meaning that that for every 1-unit increase in reporting, there was an equivalent increase by 0.661 in performance of government in Afghanistan.

## 11.7. Effect of RM on the Performance of GLMA

***Specific Objective 4*:** To examine the impact of RM on the Performance of the GLMA

**Table 22: Response Frequencies**

| | Statement/Items | Frequency & Percentage | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Std. Deviation |
|---|---|---|---|---|---|---|---|---|---|
| a | The government is committed to raising the domestic revenue | **N** | 5 | 15 | 39 | 137 | 21 | 3.71 | 0.824 |
| | | **%** | 2.3 | 6.9 | 18 | 63.1 | 9.7 | | |
| b | The revenue collection process is an electronic and computerized system | **N** | 4 | 32 | 55 | 107 | 19 | 3.48 | 0.913 |
| | | **%** | 1.8 | 14.7 | 25.3 | 49.3 | 8.8 | | |
| c | Revenue automation increased the performance | **N** | 21 | 41 | 68 | 70 | 17 | 3.1 | 1.099 |
| | | **%** | 9.7 | 18.9 | 31.3 | 32.3 | 7.8 | | |
| d | There is a poor tax collection system, which has reduced the | **N** | 4 | 27 | 36 | 129 | 21 | 3.63 | 0.889 |
| | | **%** | 1.8 | 12.4 | 16.6 | 59.4 | 9.7 | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | government's ability to spend things it alone can finance | | | | | | | | |
| e | The revenue management system is consistent with existing national policies and strategies. | **N** | 3 | 39 | 69 | 92 | 14 | 3.35 | 0.895 |
| | | **%** | 1.4 | 18 | 31.8 | 42.4 | 6.5 | | |
| f | The revenue department has qualified employees to collect the revenue | **N** | 6 | 37 | 51 | 104 | 19 | 3.43 | 0.965 |
| | | **%** | 2.8 | 17.1 | 23.5 | 47.9 | 8.8 | | |
| g | The revenue administration is weak | **N** | 12 | 27 | 59 | 95 | 24 | 3.42 | 1.025 |
| | | **%** | 5.5 | 12.4 | 27.2 | 43.8 | 11.1 | | |
| h | The organization have put in place useful policies and plans to raise revenue | **N** | 14 | 53 | 68 | 62 | 20 | 3.1 | 1.074 |
| | | **%** | 6.5 | 24.4 | 31.3 | 28.6 | 9.2 | | |
| i | Revenue collection practices in the units are not transparent, and there is corruption involved | **N** | 8 | 21 | 61 | 115 | 12 | 3.47 | 0.882 |
| | | **%** | 3.7 | 9.7 | 28.1 | 53 | 5.5 | | |
| j | The organization established a strong monitoring and evaluation system to control the collection of revenues | **N** | 5 | 27 | 75 | 99 | 11 | 3.39 | 0.854 |
| | | **%** | 2.3 | 12.4 | 34.6 | 45.6 | 5.1 | | |
| k | There are so many revenue leakages involving our revenue collectors | **N** | 12 | 18 | 56 | 106 | 25 | 3.53 | 0.991 |
| | | **%** | 5.5 | 8.3 | 25.8 | 48.8 | 11.5 | | |

*Source: primary data (Questionnaire), SPSS analysis*

The descriptive analysis result can be seen from Table 22 obtained the following rating: 72.8% of the respondents believed that the leadership is committed to raising the organization's internal revenue. Furthermore, 58.1% of the respondents pointed out that the revenue collection process is electronic and computerized. However, 40.1% of the respondents showed that revenue automation would increase performance.

Besides, 69.1% of the respondents agreed that there is a poor tax collection system, which has reduced the government's ability to spend things it alone can finance. 48.9% of respondents indicated that the revenue management system is consistent with existing

national policies and strategies. On the other hand, 56.7% of the respondents believed that the revenue department had qualified employees to collect the revenue. In comparison, 54.8% of the respondents pointed out that the revenue administration is weak. However, 37.8% of the respondents observed that the organization has put in place useful policies and plans to raise revenue. However, 58.5% of the respondents agreed that the units' revenue collection practices are not transparent, and there is corruption involved. (50.7 %) The respondents indicated the organization established a strong monitoring and evaluation system to control the collection of revenues. Finally, 60.4% of the respondents refuted that there are so many revenue leakages involving our revenue collectors.

It can be seen from Table 22 statement/item (a) that the government is committed to raising the domestic revenue with the highest mean (3.71). However, statement/item (c & h) has the lowest mean value (3.1).

### a) Correlation Results of RM on Performance of GLMA

The study sought to examine the linear relationship between RM and the Performance of GLMA.

**Table 23: Correlation**

| Variable | | RM | Performance |
|---|---|---|---|
| RM | Pearson Correlation | 1 | .543** |
| | Sig. (2-tailed) | | 000 |
| | N | 217 | |
| **Correlation is significant at the p-value< 0.05 level (2-tailed) | | | |

*Source: primary data, SPSS analysis*

Table 23 shows a positive correlation between RM and the performance of GLMA, r (2017) =0.543, p-value <0.05. As a result, an increase in the use of RM has led to an increase in the performance of GLMA.

### b) Regression Results on RM on Performance of GLMA

From the research findings shown in Table 23, the correlation analysis shows a positive relationship between RM and the performance of GLMA. A regression analysis was conducted to determine the extent to which RM influences the performance of GLMA. The hypothesis for guiding the study was as follows:

***Hypothesis $H_{04:}$*** To examine the impact of RM on the performance of the GLMA

Therefore, the model ($Y = \beta 0 + \beta_4 X_4 + \varepsilon$) was fitted with RM as an independent variable to test the hypothesis.

**Table 24: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 4 | .543[a] | .295 | .292 | .49996 |

a. Predictors: (Constant), Financial Performance
b. Dependent Variable: RM

*Source: primary data, SPSS analysis*

Table 24 shows that the coefficient of determination, $R^2$ was 0.295, which means that 29.5 % of the performance GLMA can be explained by RM, with the difference of 70.5% being described by other factors outside the model.

**Table 25: ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 4 | Regression | 22.527 | 1 | 22.527 | 90.125 | .000 |
| | Residual | 53.741 | 215 | .250 | | |
| | Total | 76.268 | 216 | | | |

a. Dependent Variable: Performance
b. Predictors: (Constant), RM

*Source: primary data, SPSS analysis.*

Table 25 shows that the relationship between RM and the performance of GLMA the model was significant (F (1, 217) =90.125, p<0.05).

**Table 25: Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 4 | (Constant) | 1.165 | .241 | | 4.840 | .000 |
| | RM | .662 | .070 | .543 | 9.493 | .000 |

a. Dependent Variable: Performance

*Source: primary data, SPSS analysis.*

The Table 25, the $\beta$ co-efficient for RM was significant ($\beta$ =0.543, t=9.493, p<0.05), meaning that for every 1-unit increase in RM, there was an equivalent increase by 0.543 in performance of GLMA. As a result, the model equation for RM was, therefore, Model m4.

$$Y = \beta 0 + \beta_4 X_4 + \varepsilon$$
$$Y = 1.165 + 0.662\ X5$$
$$(.000) \quad (.000)$$

In conclusion, the results confirm that RM has a significant impact on the performance of GLMA, and therefore, **the null hypothesis $H_{04}$ is rejected.**

### c) Discussion of Research Findings on the Relationship Results on RM on Performance of GLMA

**Analysis:**

RM was measured using a 5-point Likert scale with 1= 'Strongly Disagree' and 5= 'Strongly Agree' statements. The findings of the study show that there is a positive correlation between RM and the performance of GLMA ($r(217) = 0.543$, p-value $< 0.05$). The model shows that the relationship between RM and the performance of GLMA is significant ($F(1, 217) = 90.125$ $p < 0.05$) and $R^2$ was 0.295, which means that 29.5 % of the performance of GLMA can be explained by RM, with the difference of 70.5% being described by other factors outside the model.

**Inference:**

The β co-efficient for RM was significant ($\beta = 0.543$, $t = 9.493$, $p < 0.05$), which means that every one degree (1-Unit) increase in RM equivalent increase by 0.543 degrees in the performance GLMA.

## 11.8. Role of PFM system on the Performance of GLMA

***Specific objective 5:*** To investigate how the PFM system rolled in the performance of GLMA

**Table 26: Correlations**

| Variable | | Performance | PFMs |
|---|---|---|---|
| PFM | Pearson Correlation | 1 | 886** |
| | Sig. (2-tailed) | | .000 |
| | N | 217 | |
| **Correlation is significant at the P-value < 0.05 level (95% confidence level). | | | |

***Source: primary data, SPSS analysis***

The study sought to examine the linear relationship between the PFM and performance GLMA.

Table 26 shows a significant positive correlation between the PFM system and performance, $r(217) = 0.886$ P-value $< 0.05$, explaining that Attaining and Maintaining Good Basic Institutions and Dedication continuous system of the PFM will improve the

government's performance in Afghanistan. Therefore, an increase in the use of the PFM system led to an increase in government performance in Afghanistan.

### a) Regression Results on the Combined PFM System and Performance of GLMA

From the research findings Table 5.32, the correlation results indicate a positive relationship between the PFM system and the Performance of GLMA. A multiple regression analysis was used to determine whether independent variables; BFP, IC, FR, and RM all at once influence the dependent variable, the performance of GLMA. A hypothesis to guide the research was as follows;

**Hypothesis $H_{05}$:** The joint PFM system significantly influences the performance of GLMA. Therefore, the model ($Y = \beta 0 + \beta_1 X_{1+} \beta_2 X_{2+} \beta_3 X_{3+} \beta_4 X_{4+} \beta_5 X_{5+} \varepsilon$) was fitted all at once with BFP, IC, FR, and RM as independent variables to test the hypothesis.

**Table 27: Optimal Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 5 | .886[a] | 0.784 | 0.779 | 0.2297 |
| a. Predictors: (Constant), BFP,IC,FR and RM | | | | |

***Source: primary data, SPSS analysis***

Table 27 shows that the coefficient of determination, $R^2$ was 0.784, which means that 78.4 % of the performance of government in Afghanistan could be explained by the PFM system, with the difference of 21.6 % being described by other factors outside the model.

**Table 28: Optimal ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 6 | Regression | 40.498 | 5 | 8.1 | 153.514 | .000 |
| | Residual | 11.133 | 211 | 0.053 | | |
| | Total | 51.63 | 216 | | | |

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), BFP,IC,FR and RM

*Source: primary data, SPSS analysis*

Table 28 indicates that the relationship between the PFM system and performance of government line Ministries in Afghanistan in the model was significant ($F(1, 217) = 153.514$, $p<0.05$).

**Table 29: Optimal Regression Weights**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | **B** | **Std. Error** | **Beta** | | | **Tolerance** | **VIF** |
| 6 | (Constant) | 0.468 | 0.148 | | 3.161 | 0.002 | | |
| | BFP | 0.502 | 0.045 | 0.466 | 11.093 | 000 | 0.580 | 1.724 |
| | IC | 0.497 | 0.133 | 0.478 | 3.738 | 000 | 0.063 | 1.983 |
| | FR | 0.167 | 0.042 | 0.171 | 4.001 | 000 | 0.557 | 1.795 |
| | RM | 0.244 | 0.118 | 0.244 | 2.071 | 0.004 | 0.074 | 1.555 |
| a. Dependent Variable: Financial Performance with 95.0% Confidence Interval | | | | | | | | |

*Source: Primary Data SPSS analysis.*

The result of the Table 29, shows the $\beta$ co-efficient for BFP, IC,FR and RM were significant ($\beta_1$=0.502, t=11.093, $\beta_2$ = 0.497, t = 3.738; $\beta_3$=0.167, t=4.001, $\beta_4$ = 0.244, t=m 2.071, p<0.05 respectfully. Thus, the model equation for combined PFM system (BFP, IC, FR and RM) was; Model m5 ($Y = \beta 0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$) and the estimated multiple regression model was given by, (Y= 0.468 + 0.502 + 0.497 + 0.167+ 0.244.

In conclusion, the results confirm that the PFM system has a significant influence on the financial performance of GLMA, and therefore, the **null hypothesis, $H_{05}$, is rejected.**

**a) Discussion on Research Findings on the Combined PFM system and Performance of GLMA**

**Analysis:**

The inferential statistics show a significant positive correlation between the PFM system and performance, r (217) =0.886, p-value < 0.05, explaining that developing and maintaining the PFM system improved the performance of GLMA. An increase in the PFM system's use led to an increase in the performance in GLMA. The optimal statistical model shows that the relationship between combined (Budgeting and Financial Planning, Internal Control, Financial Reporting, Public and Revenue Mobilization) on the performance of GLMA is significant (F (6, 217) =153.514, p < 0.05 and $R^2$=0.784, meaning that PFM system can explain 78.4% of the performance of GLMA with the difference that is 21.6% described by other factors outside the model.

In addition, $\beta$ co-efficient for BFP, IC, RP, PFGP and RM were significant ($\beta_1$=0.502, t=11.093, $\beta_2$ = 0.497, t = 3.738; $\beta_3$=0.167, t=4.001, $\beta_5$ = 0.244, t=2.071, p<0.05 respectfully.

**Table 5.36: Summary of Results of Hypotheses Tested**

| No | Variables | P-value | Direction | Deduction |
|---|---|---|---|---|
| $H_{01}$ | Budgeting and Financial Planning | < 0.05 | Positive | Reject $H_{01}$ |
| $H_{02}$ | Internal Control and Evaluation | < 0.05 | Positive | Reject $H_{02}$ |
| $H_{03}$ | Reporting Practices | < 0.05 | Positive | Reject $H_{03}$ |
| $H_{04}$ | Revenue Mobilization | < 0.05 | Positive | Reject $H_{05}$ |
| $H_{06}$ | Combined Public Financial Management System | < 0.05 | Positive | Reject $H_{06}$ |

*Source: primary data, SPSS analysis.*

**Inference:**

In summary, Table 5.36 shows that all the five hypotheses, $H_{01}$, $H_{02}$, $H_{03}$, $H_{04}$, and $H_{05}$ that tested in the study rejected $p<0.05$, Hence for the five independent variables; budgeting and financial planning, internal control, financial reporting, and revenue mobilization had a significant influence on the performance of GLMA.

## 12. Suggestions and Conclusion

### 12.1. Suggestions

The sixth objective of the study offers pragmatic suggestions to the government line ministries. Based on the findings of the study, the ministries should be considered that the following suggestions in order to have an effective public financial management system.

- The study suggested that there should be good coordination during the budget preparation in terms of mobilization of funds, resource allocation, and synergies between budgetary units and stakeholders.
- The study suggested focusing on efficiency, competencies, and mobilization of funds during the budget implementation.
- The study suggested ministries should be providing regular feedback to all staff involved in the budgetary process throughout the financial year, monitoring the achievement of the national mission and strategies, and ongoing monitoring and control of the budget.
- The study suggested the ministries should ensure that national priorities are effectively met in the context of budget reporting and provide feedback to all parties concerned.
- The study suggested that the government ministries should consider adopting sound budgeting practices as predicted in the relevant legislative framework and

the PFM Act. This will enable management to develop a comprehensive understanding that can be leveraged to affect stakeholders and to create better performance decisions for line ministries.

- The study suggested that Afghanistan's budgetary units should continue to use their finances and reassess their financial policies. This will help identify whether the adopted financial forecasting practices make any acceptable difference.

- Effective budget preparation and implementation at the organization level should be facilitated through capacity building, robust systems and processes, prioritization, close monitoring, and evaluation.

- For enhancing the quality budget implementation, all stakeholders should be involved in budget preparation and execution.

- The study suggested that the organizational structures should be adjusted in line with the budgetary and financial structures.

- The study suggested there should be more attention to the human element as one of the main components of the internal control system in terms of training and development and keeping them up with scientific and practical progress.

- The study suggested emphasizes the need to reformulate some of the legislation and instructions for some of the financial aspects.

- The study suggested work on the development of strategies and plans of financial control. It should also consider the availability of experience, skills, and capabilities of the managers and administrative government units' employees.

- The study suggested the need for harmonization between the legislation and regulations with international professional standards, especially the supreme control standards of what lends importance and effectiveness to financial control.

- The study suggested improving their knowledge and skills in applying accounting practices and keeping them up-to-date on current issues. The study also recommends that the relevant government ministry officials be continuously updated and well-founded on international financial reporting standards (IFRS) and principles.

## 12.2. Conclusion

From the findings in the study, the following conclusions were made:

### 12.2.1. Impact of BFP on Performance of GLMA

The study concluded a positive, statistically significant relationship between BFP and performance. Afghanistan government has adopted program-based budgeting, and the notified structure allows the budget to include program objectives, activities, outcomes, and outputs. This structure is being followed through government budgetary units. The study found that the reform of financial planning is crucial to any government budgetary units' success. Financial planning's key objective is to assess the financial resources required for programmers and activities to achieve government objectives and goals. In addition, financial planning helps to identify objectives, policies, procedures, and programs for dealing with the organization's financial activities and all government sectors.

On the other hand, forecasting practices have positively impacted the performance of GLMA. Therefore, government line ministers and budget unit officials can obtain guidance from this study to design appropriate policies to regulate public finance management. The study found that financing decision-making practices are useful for government budget units and would obtain guidance from this study to design appropriate policies that would regulate the sector. The results also showed that the planning process and financial performance have a significant positive relationship. Still, however, there were some weaknesses in the budget's realistic estimation, focusing on addressing marginalization and inequalities and prioritizing budgeting. Moreover, when it came to spending, budgets were not adhered to. In the end, the study found that a few government officials still struggled with the need to align strategic planning with the budget and also to synthesize financial and non-financial data and performance measurements in a single system in which they would also carry out planning, budgeting, forecasting, financial consolidation, reporting and analysis in real-time.

### 12.2.2. Impact of IC on the Performance of GLAM

Likewise, the study concludes that the relationship between internal control practices and financial performance is statistically positive and significant. It was inferred from the analysis results that compared to the line ministries with a poor internal control system, those government ministries that had invested inefficient internal control systems were more efficient. Results have shown that high performance has been reported by those government ministries that have observed honesty, ethical standards, risk assessment, control practices, and monitoring procedures. Since the internal audit is one area of expertise for evaluating the effective use of public financial resources and improving oversight and efficiency, little attention has been paid to the internal audit's role in improving the public administration's public financial management process. Therefore, the government ministries have to invest entirely in robust internal control mechanisms to help reduce fraud.

### 12.2.3. Impact of FR on the Performance of GLMA

The researcher concludes that there is a strong positive relationship between RP and performance. FR is the backbone of financial planning, analysis, benchmarking, and decision making. The results of the study show that compliance with state legislation on financial management, the quality of human resources, the effectiveness of internal controls, and the use of technology will improve the quality of ministries and financial statements of institutions. Compliance with State Financial Management Regulations has a positive impact on the quality of the financial statements.

### 12.2.4. Impact of RM on the Performance of GLMA

Results on RM have shown a positive, statistically significant relationship between RM and performance. These results show that the revenue mobilization in line ministries had some weaknesses and gaps that prevented them from playing a role in increasing revenue in their organization. Results further indicated that the organization's revenue collection practices were not transparent and that corruption was involved. However, the revenue system is such that all revenues collected are transferred to a particular government revenue account. No ministries and budgetary units could directly use their own revenue sources. Still, even more, revenue generation has a positive impact on government spending in order to achieve strategic goals. The results also indicated that the revenue system is not fully automated. In addition, the revenue collection practices adopted by the government organization have not been cost-effective and efficient, and the revenues generated by the government organization have not been adequate for both recurrent expenditure and development projects.

## 13. Scope for future research

The study was carried out the role of public financial management in achieving strategic goals in Afghanistan. For comparison, similar studies can be replicated in other government ministries and other budgetary units. Although the measure of performance of government ministries in Afghanistan incorporated financial and non-financial performance dimensions, there may be other financial and non-financial dimensions that measure the performance but are not addressed in this study. Therefore, further study is needed to investigate other practices affecting the government’s budgetary units' performance in Afghanistan

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## 15. Paper published

- Osman, M.O. and Ishwara P. (2021), Role of the Public Financial Management on the Government Financial Performance in Developing Countries. *International Journal of Research and Analytical Reviews.* http://doi.one/10.1729/Journal.25408.

- Osman, M.O. and Ishwara P. (2021), the Impact of Public Financial Management on Financial Performance of the Government Ministries in Afghanistan. *International Journal for Research in Engineering Application & Management (IJREAM).* ISSN: 2454-9150 Vol-06, Issue-09, DEC 2020

## 16. Paper presentation

- Presented a paper titled "Role of The Public Financial Management on the Government Financial Performance in Developing Countries. "Two days' National level conference on Corporate Social responsibility (CSR): Challenges and New initiatives "held on 14th and 15th September 2018.

- Presented a paper titled "Impact of Public Financial Management System on the Financial Performance of the Government in Afghanistan. "Two days' International conference on Contemporarily Innovations in Industry and commerce" held on 22nd and 23rd February 2019.

- Presented a paper titled "Factor effect that central ministries in Afghanistan fail to spend their annual development budget." Two days National Conference held on 25th and 26th October 2019.

## 17. Workshop attended

- Participate in a One- week faculty development program- on Enhancing Research Acumen" held on 7th -13th August 2017, organized by ST. Aloysius Institute of Management and Information Technology (AIMIT), Mangalore.
- Attended GIAN course on Randomized Control Trials and Non-Experimental Approaches to program evaluation and Research Design 'held on 23rd to 27th October 2017, organized by the School of Management, NITK, Surathkal.
- Participate in nine days' course on Non-Tax revenue. They were organized at Tashkent – Uzbekistan, held from Dec 7th to 15th, 2018.

- Attended 16 hours of Training on Advance Data Management & Statistical Analysis Using IBM SPSS 25, Kabul, Afghanistan, from January 10, 2019.
- Participated one-day workshop on "Research Methodology," held on 28th July 2019 at University College Mangalore.